

UNIVERSITY of
STIRLING



**FINANCIAL
STATEMENTS
2014-2015**

Disclaimer of Liability: The University of Stirling accordingly reserves the right without notice to vary the content of the information described in this publication and to modify as seems appropriate.

The University of Stirling is a registered trademark.
All information correct at time of going to print.
© University of Stirling (2015).

This publication can be made available in different formats. Please contact marketingtools@stir.ac.uk for further information.

All rights reserved. The University of Stirling is a recognised Scottish Charity with number SC 011159

Contents

Principal's Introduction	2
Operating and Financial Review	3
Corporate Governance	15
Accounting Responsibilities of the University Court	18
Independent Auditor's Report to the Members of the University Court of the University of Stirling	20
Statement of Principal Accounting Policies and Estimation Techniques	22
Consolidated Income and Expenditure Account	27
Balance Sheets	28
Consolidated Cash Flow Statement	29
Statement of Consolidated Total Recognised Gains and Losses	30
Notes to the Accounts	31
Composition of Committees Concerned Directly with Finance in the year ended 31 July 2015	53

Principal's Introduction

In 2014 Stirling lived up to its reputation as a University founded on innovation and excellence.

We exceeded £10m research income for the fourth year running and were once again ranked in the top 50 young universities in the world.

In the UK-wide assessment of university research, the 2014 Research Excellence Framework (REF), we moved into the top 40 in the UK and into 5th place in Scotland for research intensity. Almost three quarters of our research activity and academic staff were rated either world-leading or internationally excellent. This achievement is testament to the calibre of our research staff and reflective of Stirling's long-term commitment to carrying out research which addresses real problems.

We graduated almost 3,000 students from over 100 countries and more than 80% of our Honours graduates received a first or 2:1 degree classification. Additionally, we were ranked 7th in the UK for graduate employability in the *Telegraph*-HESA list of top universities for getting a job – with 96% of our graduates in employment or further study within six months of graduating.

In the lead-up to last September's independence referendum, University of Stirling researchers contributed to the ESRC-funded Future of the UK and Scotland programme – a project bringing together the best UK social science academics to inform the Scottish independence debate.

In June, we launched our new inter-disciplinary Centre for Sustainable Practice based in the Management School. A collaboration between the University and the Scottish Environment Protection Agency (SEPA), the Centre brings together the public sector, academic research, business and environmental organisations to work collaboratively with communities towards a more sustainable future and low carbon economy.

Our student experience was significantly enhanced through changes introduced under the banner 'Transforming the Student Experience'. These included innovative developments in assessment, progression and the semester structure, alongside the introduction of a personal tutor system, campus-wide Wi-Fi access

and the opening of new student accommodation. Stirling's performance in the 2015 QS World Rankings was recognition of our progress in this area, with the University gaining Five Star status, including five stars for teaching, employability, internationalisation, facilities and inclusiveness. Further success in the 2015 Times Higher Education Student Experience Survey saw Stirling gain first place in Scotland for sport facilities, campus environment and library opening hours.

As Scotland's University for Sporting Excellence, sport is at the heart of who we are. The Scottish Funding Council recently announced an additional four years' funding for Winning Students – the national sports scholarship programme managed by Stirling that supports student athletes in universities and colleges across Scotland. In competition and in the classroom, sport at Stirling has gone from strength to strength, with the Complete University Guide ranking us among the top 10 places in the UK for sport.

Our international links have continued to strengthen, with increasing student and faculty exchanges and institutional partnering. We now recruit students from more than 120 countries.

A range of recent senior appointments included Stirling Economics graduate Fiona Sandford who was appointed to the role of Chair of Court. Ms Sandford, who has a distinguished career in Higher Education, replaced Alan Simpson OBE, who completed his term of office in July after eight years.

I have highlighted just some of the ways in which we have demonstrated excellence, growth and progress during what continues to be an era of sector-wide instability and financial pressure. As we embark on the process to develop the next Strategic Plan, which will set the direction for 2016-2021, we do so from a position of increased confidence, strength and success.

Professor Gerry McCormac
Principal and Vice-Chancellor

In 2014 Stirling
lived up to its
reputation as a
University founded
on innovation
and excellence.

Operating and Financial Review

This Operating and Financial Review is prepared in accordance with the guidance issued by the UK Accounting Standards Board (January 2006). It provides an overview of the University, its objectives and targets, performance over the year, financial position and future plans.

Mission and Vision Statements

The University's Strategic Plan 2011-2016, including a vision for the future, was approved by the University Court in June 2011 and launched at the Scottish Parliament in September 2011. The Strategic Plan can be located at <http://www.stir.ac.uk/about/our-strategy/>

Our Vision

To be acknowledged worldwide as a distinguished University that addresses the social and environmental needs of society through innovative, interdisciplinary research and education.

Our Mission

To be a University of distinction that is ambitious, accessible and self-reliant, and whose purpose is to develop these qualities in our students, staff and the communities we serve.

Our priorities are to:

- enhance the student experience by putting students first
- improve research performance and postgraduate enrolment
- be a vibrant intellectual community for scholars and the region
- connect locally and globally to students, alumni, academia and business
- be aware of society's needs and respond to them.

In early 2015, the University embarked on the process to develop a new Strategic Plan that will set the direction for 2016-2021. The new Strategic Plan will build on some of the major achievements in recent years, including many that are covered in the Operating and Financial Review for the year ended 31 July 2015.

Highlights of the year

Notable achievements during 2014-15 included:

- Stirling achieved outstanding success in the 2014 Research Excellence Framework (REF2014) and celebrated being ranked among the top 40 research-intensive universities in the UK. The level of world-leading research more than doubled since 2008, with almost three-quarters of research activity rated as either internationally excellent or world-leading.
- The University was ranked 7th in the UK for employability in July 2015, with 96% of graduates in employment or further study within six months of graduating, an increase of 2% compared to the previous year.
- Stirling's profile as a centre for innovation and knowledge exchange was boosted by the award of external funding to support a continuation of the Sporting Chance Initiative – Scotland's centre for business innovation in Sport. The period 2014-15 was also the first full year of the Scottish Aquaculture Innovation Centre (SAIC), which is based at the Stirling campus.
- There was a variety of sporting successes in 2014-15 as Scotland's University for Sporting Excellence. In the 2014 Commonwealth Games, Stirling was well represented with 23 Stirling students and alumni competing and three medal-winning performances – including gold for student Ross Murdoch.

**TOP
50**
young universities
in the world.

Stirling was invited by the Scottish Funding Council (SFC) to continue the coordination of the Winning Students elite athlete scholarship programme on behalf of the sector. Funding of up to £2.4m will be allocated from SFC Strategic Funds over a four-year period 2015-16 to 2018-19.

- In the 2015 Times Higher Education Student Experiences Survey, the University was voted number 1 in Scotland for good sport facilities, fair workload, good environment on campus, and good library facilities and library opening hours.
- The University was ranked 47th in the most recent Times Higher Education global ranking of young universities, which was an improvement from 56th place in 2014. Overall, the University was placed in the top 350 in the Times Higher world rankings in 2014-15 (increasing from the top 400 in 2013-14).
- Finally, Stirling was awarded a prestigious five-star rating in the global QS Stars rating system of institutional quality.

Performance during the year

The University measures its performance against a number of key performance indicators (KPIs). Those identified in the Strategic Plan 2011-16 are:

- double current levels of research grant income within the lifetime of the plan
- raise the number of research active staff into our benchmark range of 400 – 500 FTE
- increase taught postgraduate student numbers by 30%
- increase the proportion of our graduates entering graduate level jobs to 85%
- increase income from non-public funds by 20% within the lifetime of the plan
- generate an annual financial surplus of 6%
- establish an international strategic network of partner universities
- double income from philanthropic sources year on year.

Progress against targets is reported in the annual Plan for Academic Success (PAS) using a 'traffic light' grading system. In each of the past four years, the University has invested across a range of new initiatives resulting in strong progress against many Strategic Plan targets. However, approaching the end of the Strategic Plan period, a number of the ambitions outlined above will not be achieved, even in areas where performance has improved significantly. Of the thirteen targets relating to the above KPIs, only one was graded as green in 2014-15, three were amber and nine were graded as red.

The red targets relate to various areas, such as overseas taught postgraduate student numbers which declined substantially in 2013-14 and have not since recovered. In other areas, such as research grant income and graduate employment, the University has achieved a step-change in performance but the 2016 target is unlikely to be achieved. Further detail on performance during the year is summarised below.

The Plan for Academic Success (PAS) for 2015-16, including a review of performance for the previous year, was approved by Court in June 2015.

Research and Knowledge Exchange Research

The University is committed to achieving a substantial improvement in research performance over the lifetime of the Strategic Plan. The ambitious aims included doubling Research Grant and Contract (RGC) income, and achieving quality and volume thresholds to position the University as an upper-quartile institution in the REF2014. As noted above, the University had a very successful REF and benefited from one of the largest uplifts in REG funding (in cash terms) across all non-specialist UK institutions.

The University monitors research performance on a quarterly basis by reviewing metrics for new research grants and contract awards, and the amount 'expended' in year from awards that have already been secured. There is a lag-time in RGC expenditure as funding from awards is spent, often over a three or five-year period.

- RGC Awards: The amount of new research grants awarded to the University within a given year.
- RGC Income: The amount of research activity accounted for by the University in a given year.

The value of new awards in 2014-15 is forecast to be £11 million, which is the fourth year in a row that the University has exceeded £10 million. While the University anticipates further growth of research income activity as a result of awards that have been secured, the target of £16m by 2016 is unlikely to be achieved.

Knowledge exchange

During 2013-14, the University led a successful consortium bid to establish the Scottish Aquaculture Innovation Centre (SAIC). SAIC aims to transform the relationship between the aquaculture industry and research community by fostering innovative industry-relevant collaboration. The Centre is funded by the SFC (in partnership with Scottish Enterprise and Highlands and Islands Enterprise) and by industry. It is one of eight innovation centres established in 2013-14 and will bring additional benefits in accessing infrastructure funding and taught postgraduate places. Stirling is also involved in the Data Lab Innovation Centre and is working to establish comparable centres in tourism and sport.

In 2014-15, the University secured external funding to support a continuation of the Sporting Chance Initiative – Scotland's centre for business innovation in Sport.

The University was awarded £450k over three years from 2015-16. The Centre will continue the excellent support given through the Sporting Chance initiative to help businesses across Scotland develop new and enhance existing products and services for sports, physical activity and active leisure markets.

Academic investment

Stirling remains one of the smallest research universities in the UK. Although not necessarily a causal relationship, there is a demonstrable correlation between the size of the research community in an institution and the ability to sustain high levels of research performance over time. Given a research policy and funding framework that favours concentration and high volume activities, the University set an ambition to increase teaching and research staff to a minimum of 400 FTE by 2015-16.

Over the past three years, the University has made strategic appointments across all schools on the basis of robust business cases. Between 2011-12 and 2014-15 the integrated planning and budgeting process resulted in the recruitment of 121 academic posts, including 43 new positions.

Furthermore, provision was made for the recruitment of early career research fellows who would build research partnerships and enhance the research profile of the University. A total of 14 'Impact Fellows' were appointed in 2012-13 with each appointee assigned to a senior academic mentor. The popularity of the scheme led to a second tranche of appointments as part of the PAS 2013-14, bringing the total number of Impact Fellows to 23.

The University had a very successful REF and increased the volume of staff submitted from 318 in 2008 to 320 in 2014 (headcount) while improving the overall Grade Point Average (GPA) on a like-for-like basis from 2.41 to 2.92. Notable successes included Scotland's top ranking submission in health sciences and fourth in the UK for agriculture, veterinary and food science (aquaculture).

Overall, the University was ranked 40th in the UK and 5th in Scotland when measured on research intensity, which was up from 56th in the UK and 8th in Scotland when based on the un-weighted GPA in 2008. Stirling had therefore overtaken three Scottish institutions: Aberdeen, Dundee and Heriot Watt.

Research postgraduates

The University has a Strategic Plan objective to increase the number and proportion of postgraduate students. Research postgraduates (RPGs) increase the research profile and position of the University, enhance links with industry and contribute unregulated tuition fee income. Effort has been made across the University to identify projects and establish jointly funded research studentships with industry partners. Investment in 66 'Impact Studentships' was made as part of the PAS 2012-13 and 2013-14.

While steady growth was achieved in RPG numbers between 2009-10 and 2012-13, there was a 9.5% decrease in total RPG numbers from 386 FTE in 2012-13 to 350 FTE in 2013-14. This was due to the ending of previous RPG schemes and a small drop in overseas student numbers. The total number of RPG students has since stabilised and has grown slightly in 2014-15 to 356 FTE.

In response to changes in the funding environment for doctoral research, the University has been successful in establishing collaborative doctoral training centres. Stirling is a partner in the Scottish ESRC doctoral training centre and one of eight partners in the Scottish AHRC Graduate School in the Arts and Humanities led by the University of Glasgow. Furthermore, the University is one of five Higher Education partners in a new Natural Environment Research Council (NERC) doctoral training partnership led by the University of Durham. Future growth will depend on the ability to attract external funding from industry partners and UK research councils.

The SFC Research Postgraduate Grant (RPG) is provided to universities to invest in high-quality research training and development. The grant is based on the previous three years of student data, weighted by discipline, plus an inflationary uplift. At Stirling, the grant in 2015-16 will decrease by 8.1% to £1,241k.

The University has a Strategic Plan ambition to increase the number of research postgraduates per academic member of staff to 1.3:1 by 2015-16. Progress towards this ambitious target is affected by changes in both academic staffing and research student numbers. The outturn for 2014-15 is level with 2013-14 at 0.9:1, as RPG student and staff numbers remain largely unchanged.

Teaching and Student Recruitment

Taught postgraduates

The Strategic Plan included a stretch-target to increase Taught Postgraduate (TPG) student numbers by 30% over the lifetime of the Plan from a baseline of 1,328 FTE in 2010-11. Following good progress made against this target in the initial years of the Strategic Plan, the University experienced a sharp decline in the TPG population in 2013-14. The total population dropped 9.5% in 2013-14 with a further decline of 8.5% in 2014-15 to 530 FTE.

The drop in overseas numbers was most pronounced in the University of Stirling Management School, which has traditionally generated 75% of the University's total overseas TPG students. Overseas student numbers in the Stirling Management School were down by 264 FTE compared to 2012-13. Increases in Home-EU TPG students have resulted from additional funded TPG places, the introduction of new programmes and special initiatives funded by the Scottish Government, the National Health Service (NHS) and other external partners.

In 2015-16, the University will benefit from a continuation of 42 fully-funded TPG places from the SFC and an additional c.25 places associated with innovation centres in aquaculture and data science.

The market for overseas students is increasingly competitive and is subject to external factors outside the University's control, such as UK Visas and Immigration (UKVI) policy and behaviour. Sector-wide application numbers for taught postgraduate places are not published; however, the population of enrolled students is published six-months after the end of the academic year. The most recent data from HESA shows that the total number of overseas taught postgraduates at UK institutions increased by 3.1% to 157,840 in 2013-14.

Within Scotland, however, the total number of overseas TPG decreased by 1.1% to 15,670 in 2013-14. Several institutional factors were identified in 2013-14 that may have contributed to the decline in overseas TPG numbers at Stirling. The rate of converting offers to enrolments had declined, particularly for students enrolling through overseas agents. Actions taken throughout 2013-14 to mitigate further drops in numbers of overseas students included a range of marketing and conversion activities and initiatives to enhance relationships with overseas agents.

In early 2014, the University established a Joint Venture (JV) with INTO University Partnerships. The JV opens greater recruitment opportunities and enhances the University's relationships with overseas recruitment agents. The partnership will enable the University to stabilise overseas student numbers and will lead to longer-term growth as the partnership is fully established.

Rest of UK undergraduates

Since the Strategic Plan 2011-16 was agreed, the Scottish Government de-regulated tuition fees charged to Rest of UK (RUK) students. In 2012-13, the SFC removed the first of four annual tranches of RUK-funded places for new entrants. The University aimed to maintain student numbers and income equivalent to the cuts made by the SFC. Measures were taken to maximise RUK applications and conversions including merit scholarships. In 2014-15, the University set a recruitment ambition of 300 new RUK students, while the budgeted assumption reflected a more conservative intake projection of 250. The total number of new RUK entrants in 2014-15 was 249, however the attrition rate for continuing students was slightly higher than expected.

In 2015-16, the total number of undergraduate places available at English institutions will become uncapped. This will increase competition for unregulated student numbers across the UK and will make it difficult to achieve sustainable growth in the annual RUK intake at Stirling.

Wider access

The University secured a further tranche of 148 additional places in 2014-15 for undergraduate students domiciled in the most deprived areas of Scotland (MD40), bringing the total number of additional places to 273 since 2013-14. A further tranche of 103 new places was secured to support four integrated degrees

with Forth Valley College (FVC), bringing the total number of places to 151 since 2013-14. The University was successful in recruiting to the additional places and further tranches are expected in 2015-16 and 2016-17.

Entry tariffs

Average tariff scores across the sector have increased markedly since the start of the Strategic Plan. Tariff scores are used within league table calculations as an indicator of institutional performance. Stirling set the goal of achieving average entry tariffs in the upper quartile of benchmark institutions – typically between 370 and 420 tariff points – by the end of the Strategic Plan. In the most recent Complete University Guide league table, published in April 2015, the University's average entry score had fallen slightly from 379 to 371. This is consistent with declines in the UK average entry tariff and the threshold for upper quartile. Average entry tariffs increased slightly to 378 in 2014-15, and in the medium-term it is expected that tariffs will rise due to a gradual increase in entry requirements that will apply in September 2016.

Marketing and internationalisation

Significant investment was made to support improved marketing, market research and fundraising as part of the PAS 2012-13. A total of six posts were approved to help meet Strategic Plan objectives to offer programmes that are market-relevant and to double income from philanthropic sources year-on-year. The new appointments were made in partnership with Academic Schools as part of an holistic approach to assist Schools in achieving target student numbers. Improvements to online application facilities and more focused conversion activities were also introduced.

Student Experience and Employability

The University aims to provide a high-quality learning environment for its students with support from staff across Academic Schools and service areas. The ratio of academic staff to students is used as a proxy measure for the student learning experience. Improvements in the SSR are reflected as a lower ratio of students to staff. This provides benefits to students in the form of increased opportunities to engage with academic staff.

At Stirling, the Student - Staff Ratio (SSR) improved from 20.5:1 in 2010-11 to 15.0:1 in 2013-14. Improvement in SSR was due to investment in new academic staff and a reduction of 'fees-only' undergraduate student

numbers. Due to increases in the undergraduate student population and a relatively static number of academic staff, it is expected that the SSR will decline slightly to 15.8:1 in 2014-15.

During 2013-14 a number of changes were developed and approved to transform the student experience. The initiatives will result in a range of improvements for students including personal tutoring, changes to progression and semester dates. Changes came into effect in 2014-15 and progress will be monitored by the Education and Student Experience Committee (ESEC). The University has in place a process of planning, monitoring and evaluation of developments and progress on learning and teaching enhancement through the preparation of consecutive Learning and Teaching Quality Enhancement Strategies (LTQES).

Employability

In terms of student employability, the Strategic Plan ambition was to increase the proportion of graduates entering graduate-level employment and improve the percentage of first-degree undergraduates entering work or further study. Both of these metrics are measured six-months after graduation using the Destination of Leavers from Higher Education (DLHE) survey.

Results for students who graduated in 2014 show that the proportion of all graduates in employment entering professional or managerial jobs increased from 69% in 2009-10 to 77% in 2014-15. At undergraduate level, the percentage of full-time students who went into employment or further training increased to 96% in 2014-15, and resulted in Stirling being ranked 7th in the UK for positive destinations.

The aim of the University's Employability Strategy, launched in 2012-13, was to develop employable and confident graduates with the requisite skills, knowledge and experience to contribute and succeed in an ever-changing environment locally, nationally and globally. The University has excellent links with a wide range of employers. Increased focus has been placed on developing partnership modules and dissertation placement opportunities that provide students with work-based learning opportunities at both undergraduate and postgraduate level. The Making the Most of Masters initiative led by University of Edinburgh and in partnership with Aberdeen has proved especially successful in offering placements in lieu of a traditional dissertation.

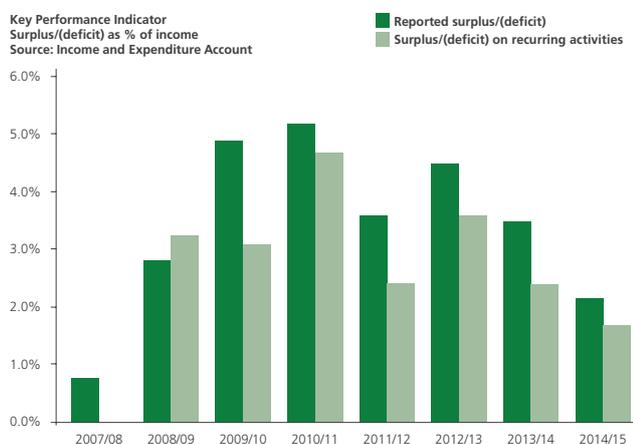
Financial Review

The summarised Income and Expenditure Account for the year ended 31 July 2015, together with comparative figures for 2013-14 are shown as follows:

Income & Expenditure Account

	2015 £'000	2014 £'000
Income	108,476	106,548
Expenditure	(106,817)	(103,957)
Surplus on operating activities	1,659	2,591
As % of Income	1.5%	2.4%
Add:		
Impact of FRS 17 (pensions) disclosure	1,095	1,487
Share of joint venture's operating losses	(925)	(357)
RDEC claim	422	—
Surplus for the year retained within general reserves	2,252	3,721
As % of Income	2.1%	3.5%

The University has generated a surplus of £2,252k (2.1% of income) in 2014-15 as illustrated in the chart below:



Income

Total income on operating activities increased by £1.9 million (1.8%) as a result of increases from various sources. Grants from the Scottish Funding Council (SFC) increased by £1.5 million (3.9%) which includes both the General Teaching Grant increasing by £0.9m (3.2%), and Other Grants which increased by £0.4m mainly related to the Scottish Aquaculture Innovation Centre.

Tuition fee income increased by £0.4 million (1.3%) year-on-year which was mainly due to Home and EU. Taught Postgraduate students recruited in a competitive environment. Research grants and contract income remained stable at £11m, excluding the HMRC claim for Research & Development Expenditure Credit (RDEC) of £0.5m (see below).

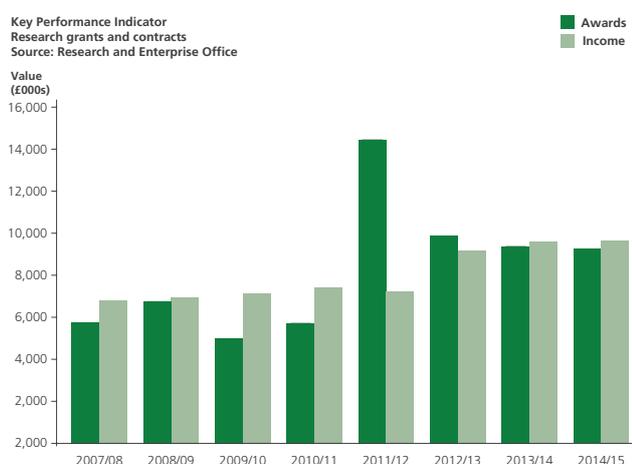
Expenditure

Total expenditure on operating activities increased by £2.9m (2.8%). £1.8m of this increase related to staff costs which was largely a result of investment required in Academic Schools as identified through the PAS, including fellowships and recruitment to vacant posts. Other operating expenses remained static whilst the depreciation charge for the year increased by £0.6m (9%) reflecting the continuing capital programme which includes the Residences Refurbishment Programme. Interest charges increased by c£0.5m reflecting the revolving credit facility used to fund the capital programme.

Research Grants and Contracts

Recurring Research Grants and Contract (RGC) income remained static at c£11m. This financial year an additional c£0.5m relating to the RDEC claim has been reported within RGC income. This is a one-off, or non-recurring gain as a result of HMRC changes to tax credit rules. The overall contribution from research grants and contracts was £3.9 million, with £2.0m coming from overheads and £1.9m from staff recharges.

Research grant and contracts to the value of £13.3m were secured during 2014/15, which included £2.7m of contracts under negotiation. This is an increase of 24% in comparison to the previous year. The total value of all applications submitted rose by 4%; the average value of applications rising by 23%. Note in the chart below, year 2011-12 was an exceptional year following the successful bids for several large projects:



Balance Sheet and Cash Flow

The University Balance Sheet strengthened again this year, with total fixed assets in excess of £106 million. Capital works of £18.7 million, a large proportion being the residences redevelopment, have been financed from reserves, external grants and bank loans.

The cash position within the institution improved by £0.8 million year-on-year. This has contributed to the improved net current asset figure of £12.9m in 2014-15 compared to £10.8m in 2013-14. Net assets of the University, excluding pension's liability, increased by £2.8 million during the year.

The pension liability reduced from £2.0 million in 2013-14 to £200k in 2014-15. This was largely as a result of winding up the University of Stirling Pension Scheme for Contract Staff and settling the liabilities in year.

External developments and principal risks and uncertainties

External developments which will impact on the University's strategic and financial planning include:

- **Comprehensive Spending Review**

At the UK level, a Comprehensive Spending Review (CSR) is anticipated in the coming months following the election of a Conservative Government in May 2015. A spending settlement must be in place for the 2016-17 financial year and is likely to cover the duration of the next parliament. A one-year settlement or emergency budget may, however, be developed if political or economic uncertainties are deemed too great. Universities Scotland has worked with the Scottish sector to draft a response to the CSR. A Scottish Government Spending Review is also expected. It is anticipated that the Scottish Government will undertake detailed consideration of budgets for 2016-17 after the Chancellor's July budget.

- **UK Government**

In the new Government, Sajid Javid replaces Vince Cable as Secretary of State for Business, Innovation and Skills and Jo Johnson replaces Greg Clark as Minister of State for Universities and Science. The programme of government set out in the Queen's Speech did not make direct reference to universities or a Higher Education Bill. However, a number of proposals will have a substantive impact upon the sector including the Europe referendum, devolution, taxes and budgetary controls, and extremism. Universities UK has initiated a proactive campaign to highlight how the UK's membership of the EU enhances the impact of HE. Proposals related to Higher Education set out in the Conservative manifesto included development of a teaching quality framework and reforming the student visa system to tackle abuse.

- **UK Visas and Immigration**

In March 2015, UK Visas and Immigration (UKVI) released revised Tier 4 Sponsor Guidance. All Tier 4 sponsors were asked to provide information on site and partnership arrangements to UKVI by May 2015, although institutions are permitted to continue sponsoring students under current arrangements until 30 September 2015. UKVI guidance places a greater emphasis upon quality assurance at integrated sites which will include partnership arrangements. A successful institutional audit at the University of Stirling took place in

May including UKVI site visits at the Stirling and London campuses. The Home Office has also made changes to the arrangements for Secure English Language Testing, limiting the number of providers and test centres overseas. In Scotland, a Cross-Party Steering Group on Post Study Work Visas has been established including representatives of all major political parties to work for the reintroduction of the Post Study Work Visa.

- **Counter-Terrorism and Security Act 2015**

The Counter-Terrorism and Security Bill published on 26 November 2014 was passed by the House of Lords on 9 February 2015. The Act includes a statutory duty for certain organisations - including universities - to prevent individuals being drawn into terrorism. For universities this requires policies to be in place regarding use of prayer rooms, extremist speakers on campus, procedures for referring concerns and staff training. The commencement date of the Act was 1 July 2015 with the exception of the higher education sector where commencement will be delayed until further guidance on extremist speakers on campus is issued.

- **Scotland Bill**

The UK parliament considered plans to devolve more powers to Scotland as part of the Scotland Bill on 8 June 2015 which has progressed to committee stage. Amendments to ensure the Scotland Bill delivers the Smith Agreement have been proposed by the Scottish Government. The changes would implement the Smith Agreement in full by removing all vetoes in the Bill, giving Scottish Ministers the power to create new benefits in devolved areas and reversing limitations in the Bill's clauses. The Scottish Government is preparing to publish proposals for further powers beyond those proposed by the Smith Commission.

- **HE Governance Bill**

The Scottish Government published the Higher Education Governance (Scotland) Bill on 17 June 2015 following consultation with the sector which had concluded in January 2015. The stated intention of the Bill is to strengthen governance in the HE sector in Scotland and, through legislative changes, support institutions to develop and refine their own governance systems. The Bill sets out a raft of potential changes including the requirement to hold an election for the position of Chair of Court and changes to the composition of the governing body (such as trade union representatives). A range

of additional powers for ministers is proposed including control of the above processes. There was a call for evidence from the Finance Committee of the Scottish Parliament, in relation to the financial implications of the proposed Bill, which the University responded to in August. There was also a separate call for evidence in relation to the Bill as a whole and a response was submitted on behalf of the University Court prior to the September deadline. The Education and Culture Committee met in October 2015 to hear oral evidence from a number of key Higher Education stakeholders and the Scottish Government's Bill Team. Concerns have been expressed by representatives of the Higher Education sector about some of the proposals in the Bill. The University is continuing to liaise with Universities Scotland and the Committee of Scottish Chairs who have put forward some alternative proposals to try and meet the Scottish Government objectives of providing for effective and accountable governance whilst addressing the HE sector concerns about the unintended consequences of some of the proposals in the Bill.

- **Postgraduate Funding**

A consultation by the Department for Business Innovation and Skills on support for postgraduate study closed in May 2015. The proposals centred around the introduction of a loans system for certain taught Master's students in England, and how support for postgraduate research students could be strengthened. Universities Scotland has argued for cross-border portability of support. The government will issue its formal response over the summer. Postgraduate loan provision for students is also being considered by the Northern Ireland Executive. A consultation launched by the Executive in June 2015 includes an option to offer a £10,000 loan to Northern Ireland-domiciled students to mirror that proposed in England. A review of postgraduate taught provision in Scotland, Chaired by Professor Bryan MacGregor of the University of Aberdeen, is ongoing.

- **Scottish Funding Council – 10-year Infrastructure Strategy**

In late 2014 the Cabinet Secretary for Education and Lifelong Learning asked the Scottish Funding Council to work with the sector to develop a ten-year investment strategy for infrastructure, to be ready in time for the 2015 Spending Review.

A working group was assembled to take this forward, chaired by Sir Ian Diamond, and with a membership of Estates Directors, Finance Directors and representatives of the research and learning and teaching communities, supported by SFC and Universities Scotland (US) officers.

- **Fair Work Convention**

The Scottish Government has introduced a fair work task group which will develop a fair employment and workplace framework for Scotland by March 2016. This will include matters related to the living wage, increased levels of gender equality and workplace democracy and include the higher education sector.

- **Audit Scotland**

Audit Scotland is considering examining Scottish Government funding of the sector. This is in recognition of the significant investment Higher Education and research receives from the Scottish Government. Higher Education is not a sector Audit Scotland has previously examined in any detail. Universities Scotland is engaging with Audit Scotland on behalf of universities.

- **Review of Knowledge Transfer Grant**

The SFC is conducting a review of the Knowledge Transfer Grant which provides a flexible funding stream to support knowledge exchange activities. Current knowledge transfer funding consists of a baseline allocation to each institution and a formulaic element based upon knowledge exchange metrics. The Funding Council is expected to issue a consultation with the sector by autumn 2015 for implementation in 2016-17.

Investments and priorities for 2015-16

The key priorities and new or continued investments identified in the 2015-16 Plan for Academic Success (PAS) are:

- Investment in academic staffing is a continued priority for the PAS 2015-16, as the University seeks to consolidate recent growth towards a strategic target of 400 FTE (Teaching and Research) staff by 2015-16. The total number of new posts created (6 FTE) will be significantly less than in previous years and will be focused in areas of confirmed income growth such as: Psychology; Applied Biological Sciences; Translation Studies; Criminology and Digital Media. Continued investment will be made in 28 FTE posts against existing budget commitments.
- The University has developed a new Research Strategy for the period 2015-2021 that will include new investment in a range of measures to boost research performance. This includes support for the continuation of impact scholarships and fellowships, and new investment to incentivise a step-change in research performance ahead of the next REF expected in 2020.
- In response to the decline in overseas postgraduate numbers experienced in 2013-14, the University invested in a set of initiatives led by the University of Stirling Management School to support the development of academic courses and the improvement in overseas applications and conversions. This will continue in 2015-16 and will include MBA scholarships that will help the University to achieve Association of MBA (AMBA) accreditation and will lead to longer-term growth.
- The University will continue to support the Making the Most of Masters initiative with the universities of Edinburgh and Aberdeen. A small grant from the SFC has been leveraged by partner institutions to support continued growth and expansion of the scheme. This will enable more students to benefit from work-based learning and will enhance the University's ability to market taught postgraduate opportunities at Stirling.
- The University entered a Joint Venture (JV) with INTO University Partnerships on the basis of an original business plan approved by the University Court in June 2014. A revised business plan is being developed to reflect new baselines and student number projections to deliver longer-term growth in overseas UG and PG student numbers. The level of investment required to support and operate the JV in 2015-16 is yet to be identified.
- Within service areas, resource has been allocated to staff development with a particular focus on academic development and equality and diversity. Provision has been put in place to implement the Athena SWAN action plan, including continued support for the internally developed female development programme and sector-wide Aurora scheme. Investment within the Human Resources & Organisation Development (HR & OD) directorate will enhance capacity for staff development, including the support for academic staff development.

Other priorities for PAS 2015-16

In addition to the new investments outlined on the previous page, the University will take forward other actions as part of the PAS 2015-16 to protect existing activities and to meet challenges faced by the sector:

- **Learning and Teaching Quality Enhancement Strategy (LTQES)**

The University is developing and updating its LTQES to reflect new priorities for learning and teaching, and changes introduced to transform the student experience. The University will participate in its third Enhancement Lead Institutional Review (ELIR), which will be conducted by the QAA during autumn 2015.

- **Consolidating and growing the Home/EU TPG population**

The University introduced a set of merit studentships in 2012-13 to consolidate and grow Home/EU taught postgraduate student numbers and to mitigate the impact of changes in funding policy for postgraduate study. The scholarships have been successful and the University will retain the scheme for new entrants in 2015-16. Furthermore, the University will offer 42 fully-funded places supported by the SFC and approximately 25 places supported by innovation centres in Aquaculture and Computer Science.

- **Maximising recruitment of RUK undergraduates**

Budget provision was made in recent years for merit scholarships that would support recruitment of RUK undergraduates across all Academic Schools. The scheme will be continued in 2015-16 to include all students with A-Level grades of ABB or better and will be supplemented by a limited number of sports scholarships. Enhanced conversion activities for 2015-16 are well underway, and the University expects to maintain the number of new RUK entrants.

- **Learning spaces and development of e-learning**

The opportunities and risks associated with e-learning were discussed as part of the planning and budgeting process. In some cases the barrier to further development was linked to system constraints or skills availability and capacity among both support staff and academic staff. A strategic approach is therefore being developed to support future growth in e-learning and will be closely linked to a longer-term vision for the future development and utilisation of learning spaces across the institution.

- **Article processing charges**

Budget provision will continue to be made to help meet the cost of article processing charges. These charges will need to be met by the University following the national commitment to make research outputs available free of charge.

- **Public engagement**

An institution-wide approach to public engagement will be developed and launched in 2015-16. This will enhance the University's profile and position through different types of engagement – including 'civic' or community engagement – and will better connect the University's research and teaching with wider society.

Infrastructure Plan 2015-16

Continued investment in the University's infrastructure is needed to achieve our strategic ambitions of enhancing the student experience, improving research performance and being a vibrant and connected community.

An infrastructure plan for 2015-16 has been created to meet the University's affordability constraints of approx. £4.5m. The infrastructure plan is based upon:

- a. **Priority 1 (Statutory or Significant Risk / Network Infrastructure)**

A total of £3,057k has been identified as top priority for 2015-16, with approximately one-third already committed as part of existing projects. This includes a range of projects such as the installation of an automatic fire detection system in the Cottrell Building, roof repairs, fire protection and glazing replacement in the Pathfoot Building, and committed expenditure to improve USSU facilities and refurbish a student residential building.

- b. **New business case investments**

The University considered a number of new proposals for infrastructure investment. A total of £1,003k was recommended for approval in 2015-16, which includes investment in learning spaces and infrastructure and upgrades or replacements to core systems and software. Projects such as the creation of a translation studies lab and refurbishment of laboratory space are linked to new academic programmes with confirmed income streams.

- c. **Refurbishment of the Atrium**

Budget provision has been made to support the creation of a student hub in the central Atrium based on an allocation of £500k per annum over a period of five years.

Taken together, these three elements of the Infrastructure Plan for 2015-16 amount to a total capital expenditure of c.£4.5 million, which has been incorporated into the budget for 2015-16. Reducing the costs of the infrastructure plan to achieve affordability creates risks in achieving the University's core strategic objectives. An exercise is ongoing to consider these risks and review what level of risk is acceptable in order to meet future budget requirements.

Risk Management

The operations of the University are not without risk and therefore the University has an established risk management process which advises senior management and which is taken into consideration in the development of the Strategic Plan. The Risk Management Policy was updated in June 2015 and the University's Risk Appetite Statement was also revised in December 2014 and will be reviewed on a regular basis.

The Register of Strategic Risk is maintained and updated to ensure that it features explicit risk descriptions, details of mitigating actions to reduce the likelihood and impact of risks materialising, and risk indicators, or early warning signs that a risk may be about to materialise. The Risk Register is considered at each meeting of the Senior Management Team (SMT) and is maintained by the Policy & Planning team. Risk identification, assessment and the consideration of control measures are fully integrated into the University planning process to ensure effective management of strategic and operational risk.

Business Continuity Management (BCM) enables the University to proactively assess the operational risks that could disrupt its key business activities and complements other risk management activities. The implementation and management of BCM sits with the internal Operational Risk & Environmental Sustainability (OR&ES) team. The team provide support and guidance on BCM matters to Academic Schools and service areas, whilst retaining an overview of the University's overall state of preparedness, and ensuring that evolving risks are identified and addressed. The Audit Committee receives an annual progress report on BCM so that it can monitor progress.

The University has a duty to ensure that it complies with the health and safety, and environmental legislation relevant to its activities. OR&ES oversees the University's compliance in these areas and prepares an annual report on safety performance which is considered by the

University's Safety, Health and Environment Committee (SHE), JPPRC and, thereafter, Court. SHE oversees health and safety matters and fulfils the legislative requirement for consultation.

Staff Involvement

The University recognises the importance of involving its employees and of good internal communication. Staff are informed of key issues and other relevant matters through: regular meetings; the University portal; open forums such as the annual Staff Assembly; weekly e-bulletins; and the quarterly staff e-zine. Staff are encouraged to participate in formal and informal consultation at University, School and Divisional levels through membership of formal Committees and informal working groups.

Commitment to Quality

The University's strategy for learning, teaching, quality assurance and enhancement ensures the continuing development of the University as an effective and inclusive learning community in which all students and staff are both learners and active participants. The University of Stirling seeks to excel in teaching, research and community engagement. It combines pursuit of scholarship and research at an international level with high quality teaching and promotion of wider access and knowledge transfer.

Diversity and Equality

In April 2015, the University published an updated version of its Mainstreaming Equality report as required by the Equality Act. In producing this report, the University had been presented with the opportunity to reflect on the progress made to better perform the general equality duty and consider the impact of our actions in relation to eliminating discrimination and other unlawful conduct, to advancing equality of opportunity and to fostering good relations. Noted against each of our nine equality outcomes, 'next steps' include:

- Build upon our Athena SWAN institutional Bronze Award and grow the number of departmental Athena SWAN submissions made
- Aim to submit an application for an Institutional Silver Award in 2016
- Improve the gender balance across our discipline areas to reflect the overall gender profile of the student body
- Increase work related to promoting the ethnic diversity at the University of Stirling

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 the later.

The level of creditors, in terms of the proportion of the year-end creditors to the aggregated invoiced amounts as at the 31 July 2015, was 33 days.

Treasury Management

The financing and liquidity of the University and its exposure to financial risk are managed through the central treasury function of the Finance Office. The University's Treasury Management Policy sets out the policies, practices and objectives of the institution's treasury management activities, as agreed by Court, and covers the University of Stirling and all its controlled subsidiary undertakings. The University adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice.

Professional Advisors

External Auditors / Tax Advisors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Internal Auditors	Ernst and Young LLP 5 George Square Glasgow G2 1DY
Bankers	Barclays Bank PLC 83 Argyle Street Glasgow G2 8BJ
Solicitors	Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8EY



A. Sturgess

Chair, Joint Policy Planning and Resources Committee

Corporate Governance

Governance and Regulation

The University of Stirling was incorporated by Royal Charter (RC 000669) in 1967 and is a charity registered in Scotland with the Office of the Scottish Charity Regulator (SC 011159).

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 2015 can be found on page 19.

The University is committed to exhibiting best practice in all aspects of corporate governance and works to the good practice recommendations in the Scottish Code of Good Higher Education Governance. The University governance and the effectiveness of Court is kept under review and an annual report on its effectiveness during 2014-15 was considered by Court at the end of the year.

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

The Workings of the University Court and its Committees

Court

In accordance with the University's Charter, the Court is the governing body of the University with 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 day to day operation of its business. The Court meets formally four times per year.

On matters relating to the academic work of the University, Court will normally only 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 (www.calendar.stir.ac.uk). This is partly facilitated by the Joint Policy, Planning and Resources Committee (JPPRC), a joint Committee of the 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 scrutinises new or revised University policies and recommends their approval to University Court and/or Academic Council.

During the year, amendments were made to a number of ordinances including Ordinance 1 (Constitution of the Students' Association) which had its quinquennial review; Ordinance 18 (Matriculation, Registration and Payment of Fees and Charges by Students), and Ordinance 58 (Degrees, Diplomas and Certificates of the University).

The membership of the Court, some of whom are ex officio, comprises lay members, who are in the majority, 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 2015 was 70% male: 30% female (84.6% male:15.4% female amongst lay members). The Committee of Scottish Chairs issued a policy statement in April 2015 saying they would be working with HE institutions with the aim of

achieving a minimum of 40% of each gender among the independent members of the governing body by 2018. The University will be doing everything that it reasonably can to try and meet this objective.

During 2014-15 a recruitment process was carried out for a new Chair of Court. A detailed role description was drawn up and the position was widely advertised both internally and externally in the national press. The selection panel, consisting of members of Court – including staff and student members, shortlisted and interviewed the prospective candidates. The selection panel made a recommendation to a special meeting of Court in May 2015 and as a result Fiona Sandford was appointed as the next Chair of Court and took up her position on 1 August 2015.

The Higher Education Governance (Scotland) Bill is currently making its way through Scottish Parliament. If the Bill is passed in its current format it will have significant implications for the membership of Court and Academic Council. The Bill currently includes the requirement to elect the Chair of the governing body, have trade union representatives on Court and have elected staff and student members.

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 visits to different academic and service areas of the University to help their understanding of the operations of the University. Visits during 2014-15 took place to the residences, Human Resources & Organisation Development (HR & OD), the School of Arts & Humanities and the Research & Enterprise Office. Training is supplemented by members attending programmes offered by the Leadership Foundation for Higher Education for governor development, as and when required.

The University 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:

<http://www.stir.ac.uk/media/services/registry/planning/Statementofprimaryresponsibilities.pdf>

Principal Committees

The University keeps its committee structures under review with the last full review taking place in 2012-13. That review made a number of recommendations including: the alignment of strategic priorities, school structures and institutional governance structures; streamlining governance structures and decision making processes; and enhancing the effectiveness of existing committees. All sub-committees report at least on an annual basis to Court or Academic Council.

The Joint Policy, Planning & Resources Committee (JPPRC) considers issues relating to University's finances, estates, information services and staffing and their integration with academic planning. The committees reported matters for information and formal approval by Court as appropriate. The Joint Policy, Planning & Resources Committee (JPPRC) also recommended to Court the University's annual 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 throughout the year 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 Court Appointments Committee seeks and considers recommendations for potential lay members of Court and oversees Court appointments to other committees. The Committee played a key role during the year in the recruitment of the new Chair of Court. This Committee also has an important role to play in ensuring diversity amongst Court members and on other committees and over the coming years will be working towards the Committee of Scottish Chairs' objective of having a minimum of 40% of each gender amongst lay members of Court.

The Audit Committee is responsible for assisting and advising Court on the discharge of its responsibilities in ensuring that appropriate controls are in place to safeguard all funds received by the University, and in reviewing and monitoring 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. Ernst & Young were appointed as new internal auditors from August 2014. During the year the Committee considered seven separate internal audits reports and, in addition, detailed follow up reviews of outstanding audit actions from previous years was also carried out.

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 that it can complete its annual assessment for the year ending 31 July. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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 & 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 and 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 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 outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the 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 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.

Membership of the University Court and Committees 2014-15

	C=Court A=Audit J=JPPRC	Membership dates	Attendance 2014/15		
			Court 5 in year	Audit 3 in year	JPPRC 3 in year
* Mr Alan G Simpson	C, J		5c		3
* Mr Harry Adam	C, J		4		3
* Mr Simon Anderson	C		3		
* Mr Kevin Condron	C		3		
* Mr Scott Haldane	C, A		3	3	
* Mr Peter Holmes	C, J		4		3
* Mr Sean Lewis	C		1		
* Ms Lynne Marr	C		2		
* Ms Barbara McKissack	C, J		5		3
* Mr Richard G Murray	C, A		3	3c	
* Mr Gordon Pomphrey	C, A		4	3	
* Councillor Mike Robbins	C		4		
* Mr Andrew Sturgess	C, J		4		3c
* Mr Kenny Fraser	A	From 01/01/2015		2 (of 2)	
Ms Amy McDermott	C, J	To 31/05/2015	4 (of 4)		3
Ms Lauren Marriott	C, J		4		3
Mr Andrew Kinnell	C, J	From 01/06/2015	1 (of 1)		0 (of 0)
Professor Brian Austin	C		2		
Professor Alison Bowes	J				3
Professor Edmund Burke	C, J		5		2
Professor Steve Burt	J	To 31/12/2014			0 (of 1)
Professor Malcolm MacLeod	J	From 01/01/2015			1 (of 2)
Professor Brigid Daniel	C		4		
Mr James Dick	C		5		
Dr Jozsef Farkas	C		4		
Professor Tara Fenwick	C		3		
Professor John Gardner	J				2
Professor Gerry McCormac	C, J		5		3
Ms Alison Green	C		3		
Mr Stephen Morrow	J				1
Professor Richard Oram	J	To 31/12/2014			1 (of 1)
Professor Leigh Robinson	C		5		
Ms Eileen Schofield	J				3
Professor Leigh Sparks	J				3

We have audited the group and University financial statements (the “financial statements”) of the University

* Lay members
JPPRC = Joint Policy Planning & Resources Committee
c = Chair of Committee

Independent Auditor's Report to the University Court of the University of Stirling

of Stirling for the year ended 31 July 2015 which comprise: the Consolidated Income and Expenditure Account; the Consolidated and University Balance Sheets; the Consolidated Cash Flow Statement; the Statement of Consolidated Total Recognised Gains and Losses; the Principal Accounting Policies and Estimation Techniques; and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of the University of Stirling, in accordance with the Royal Charter 1967 and Statutes of the University and, in the University Court's role as charity trustees, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (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 it in an auditors' 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 Court of the University of Stirling for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Court of the University of Stirling and auditor

As explained more fully in the Accounting Responsibilities of the University Court set out on page 20, the University Court of the University of Stirling is responsible for the preparation of financial statements which give a true and fair view. 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. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Court of the University of Stirling; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the terms of our engagement

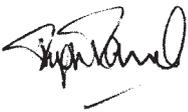
In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of our engagement require us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for the audit.



Hugh Harvie

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

DATE: 15 December 2016.

Statement of Principal Accounting Policies and Estimation Techniques

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards. They conform to the Accounts Direction and other guidance published by the Scottish Funding Council.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments.

The financial statements continue to be prepared on a going concern basis as Court considers that the University has adequate resources to continue in operational existence for the foreseeable future.

Basis of Consolidation

The consolidated financial statements bring together the financial statements of the University and its subsidiary undertakings in accordance with the provisions of FRS 2 Accounting for Subsidiary Undertakings and FRS 9 Associates and Joint Ventures. Intra-group transactions are eliminated on consolidation.

The financial statements do not include those of the Students' Union because the University does not control those activities.

Income Recognition

Funding Council block grants are accounted for in the period to which they relate.

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of total recognised gains and losses, and in endowments; other donations are recognised by inclusion as 'other income' in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and reported in the statement of total recognised gains and losses.

Agency Arrangements

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

Leases and Hire Purchase Contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Taxation

The University is considered to pass the tests set out in Paragraph 1, Schedule 6, Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3, Part 11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The University's subsidiary companies are not exempt from taxation. The charge for taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment payable to the University.

Land and Buildings

The land on which the campus is situated has been gifted and is therefore not shown at cost or valuation. Other land and buildings are stated at cost. Buildings, including leasehold, are depreciated taking into account age, depreciation to date, and useful life or duration of lease.

Capitalised buildings are depreciated over their useful economic life according to their constituent parts as follows:

Long-term e.g. foundations & structure

(30-40% of cost) - 80 years

Medium-term e.g. services

(35-45% of cost) - 10 to 40 years

Short-term e.g. internal fittings

(20-25% of cost) - 5 to 10 years

These rates have been implemented for all assets with effect from 1 August 2000.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Refurbishment improvements costing less than £25,000 per individual item or group of related items is written off to the income and expenditure account in the year of construction. All other refurbishment improvements are capitalised and depreciated over 15 years, which is the expected interval between such refurbishments.

A review for impairment of all assets categorised as freehold and leasehold land and buildings, in the year-end financial statements, is carried out annually.

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

Maintenance of Premises

The University's long-term maintenance arrangements are based on the Condition Survey, which forms the basis of the on-going maintenance of the estate. The cost of routine and long-term maintenance is charged as incurred to the income and expenditure account.

Equipment

Equipment costing less than £25,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated over its useful economic life.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

Software

Costs associated with the implementation of corporate information systems are capitalised and depreciated over the expected useful life of the systems.

Heritage Assets

Works of art and other valuable artefacts (heritage assets) and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks. Fish farm stocks are computed on a going concern basis using values agreed for insurance purposes, suitably discounted to arrive at a cost equivalent.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at end of year rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Financial Instruments

The University uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities, or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate, or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting for Charitable Donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment Funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income
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

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the University on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in Kind, including Donated Tangible Fixed Assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

Accounting for Retirement Benefits

The University has fully adopted accounting standard FRS 17 "Retirement Benefits" in the preparation of these financial statements. The impact of this standard has been reflected throughout.

The difference between the fair value of the assets held in the University's defined benefit scheme and the scheme's liabilities, measured on an actuarial basis using the projected unit method for USPS and USPSCS are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the Statement of Total Recognised Gains and Losses in accordance with FRS 17 "Retirement Benefits".

The two principal pension schemes of the University are The Universities Superannuation Scheme covering academic and related staff and the University of Stirling Pension Scheme covering other staff. The University of Stirling Pension Scheme was closed to new members and to future benefit accrual as at 31 July 2013. Active members at that date have retained a final salary link. They along with prospective members will be offered on an individual basis membership of USS from 1 August 2013 under the USS defined benefit Career Revalued Benefits section. In addition, the University has set up a scheme for the non-academic staff transferred from the former Colleges of Nursing under a contract from the Scottish Executive. This Scheme was initiated on 1 September 1996. The operating principles of the schemes are as follows:

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second

Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", 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 in respect of the accounting period.

The University of Stirling Pension Scheme

The University of Stirling Pension Scheme is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the Scheme are held separately from those of the University. The Trustees have invested the funds with Legal & General Assurance (Pensions Management) Limited, Schroder Pension Management Limited and BlackRock Investment Management (UK) Limited. The administration and actuarial services are provided by Aon Hewitt. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the University. The Contributions are determined by an actuary on the basis of triennial valuations using the Projected Unit Method.

The University of Stirling Pension Scheme for Contract Staff

The University of Stirling Pension Scheme for Contract Staff is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the Scheme are held separately from those of the University. The Trustees have invested the Funds with Friends Provident Corporate Pensions Ltd. Actuarial and administration services are provided by Jardine Lloyd Thomson Benefit Solutions with Aon Hewitt providing independent advice. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the University. The contributions are determined by an actuary on the basis of triennial valuations using the Projected Unit Method.

A small number of staff remain in other pension schemes.

Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios:

- a possible rather than a present obligation;
- a possible rather than a probable outflow of economic benefits;
- an inability to measure the economic outflow.

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

Consolidated Income and Expenditure Account

	Note	2015 £'000	2014 £'000
Income			
Funding Council Grants	1	41,280	39,742
Tuition Fees and Education Contracts	2	28,997	28,616
Research Grants and Contracts	3	11,529	10,952
Other Income	4	28,147	27,132
Endowment and Investment Income	5	1,430	1,302
Total Income – group and share of joint venture		111,383	107,744
Less: share of joint venture's income	18	(1,172)	(174)
Total Group income		110,211	107,570
Expenditure			
Staff Costs	6	64,910	62,508
Other Operating Expenses	7	34,310	34,391
Depreciation	9	7,061	6,461
Interest Payable	8	843	391
Total Expenditure	9	107,124	103,751
Surplus on continuing operations after Depreciation of Fixed Assets and before Tax		3,087	3,819
Share of operating losses in joint venture	18	(924)	(357)
Taxation		(124)	—
Surplus on continuing operations after Depreciation of Fixed Assets and losses in joint venture and after Tax		2,039	3,462
Transfer to / (from) accumulated income within endowment funds	20	213	259
Surplus for the year retained within General Reserves	21	2,252	3,721

The income and expenditure account is in respect of continuing activities.

There is no difference between these figures and historical cost figures.

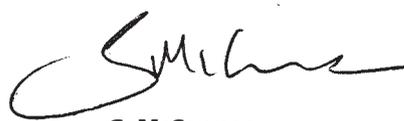
There is no difference between the Group and University surplus.

The corporation tax liability for the year relates to Research & Development Expenditure Credit (RDEC).

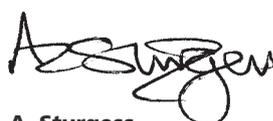
Balance Sheets

	Note	Consolidated		University	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed Assets					
Tangible Assets	10	106,727	95,151	106,727	95,151
Investments	11	432	404	432	404
Investment assets – joint venture	18				
Share of gross assets		1,219	613	–	–
Share of gross liabilities		(2,500)	(970)	–	–
		105,878	95,198	107,159	95,555
Endowment Assets	12	3,197	1,834	3,197	1,834
Current Assets					
Stocks		765	763	765	763
Debtors	13	11,382	8,400	10,699	8,522
Cash at Bank and in Hand		27,579	26,810	27,478	26,668
		39,726	35,973	38,942	35,953
Creditors: Amounts falling due within one year	14	(26,776)	(25,213)	(25,999)	(25,200)
Net Current Assets		12,950	10,760	12,943	10,753
Total Assets less Current Liabilities		122,025	107,792	123,299	108,142
Creditors: Amounts falling due after more than one year	15	(35,784)	(23,622)	(35,784)	(23,622)
Provisions for Liabilities and Charges	17	(1,498)	(1,278)	(1,498)	(1,278)
Net Assets excluding Pensions		84,743	82,892	86,017	83,242
Net Pensions Liability	27	(201)	(2,026)	(201)	(2,026)
Net Assets including Pensions		84,542	80,866	85,816	81,216
Deferred Capital Grants	19	30,909	31,578	30,909	31,578
Endowments					
Permanent	20	277	270	277	270
Expendable	20	2,920	1,564	2,920	1,564
		3,197	1,834	3,197	1,834
Reserve					
General Reserve	21	50,637	49,480	51,911	49,830
Pension Reserve	21	(201)	(2,026)	(201)	(2,026)
Total Reserves		50,436	47,454	51,710	47,804
Total		84,542	80,866	85,816	81,216

The financial statements on pages 22 to 53 were approved by the University Court on the 14 December 2015 and signed on its behalf by:



G. McCormac
Principal and Vice-Chancellor



A. Sturgess
Chair, Joint Policy Planning and Resources Committee



L. F. McCabe
Director of Finance

Consolidated Cash Flow Statement

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Net Cash inflow from Operating Activities	22	4,867	6,408
Returns on Investment and Servicing of Finance	23	(592)	(86)
Taxation		(124)	—
Capital Expenditure and Financial Investment	24	(15,341)	(15,975)
Financing	25	13,314	11,307
Increase in cash in the year		2,124	1,654

Reconciliation of Net Cash Flow to Movement in Net Funds/(Debts)

	Note	2015 £'000	2014 £'000
Increase in Cash in the year		2,124	1,654
Cash (inflow) from financing	25	(13,314)	(11,307)
Movement in Net Funds/(Debts) in Period	26	(11,190)	(9,653)
Net Funds at 1 August	26	4,831	14,484
Net Funds / (Debts) at 31 July	26	(6,359)	4,831

The notes on pages 31 to 53 form an integral part of these financial statements.

Statement of Consolidated Total Recognised Gains & Losses

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus on Continuing Operations after Depreciation of Fixed Assets and after Tax		2,039	3,462
Appreciation of Endowment Asset Investments	20	7	—
New endowments	20	1,569	411
Actuarial gain / (loss) in respect of pension scheme	27	730	(2,422)
Total gains and losses recognised in the year		4,345	1,451
Reconciliation			
Opening reserves and endowments		49,288	47,837
Total recognised gains for the year		4,345	1,451
Closing reserves and endowments		53,633	49,288

The notes on pages 31 to 53 form an integral part of these financial statements.

Notes to the Accounts

for the year ending 31 July 2015

	2015 £'000	2014 £'000
1 Scottish Funding Council Grants		
General Fund – Teaching	30,027	29,074
General Fund – Research	7,107	6,980
Horizon Fund	1,567	1,813
Other SFC Grants	606	172
Deferred Capital Grants Released in Year:		
Buildings (note 19)	1,435	1,484
Equipment (note 19)	538	219
	41,280	39,742
2 Tuition Fees and Education Contracts		
UK and EU Fees	17,766	15,922
Non-EU Fees	10,456	11,484
Non-credit Bearing Course Fees	247	732
Research Training Support Grants	528	478
	28,997	28,616
3 Research Grants and Contracts		
Research Councils	3,112	3,225
UK Charities	1,102	704
Government Departments	4,621	4,194
UK Industry and Commerce	409	514
European Commission	1,081	1,172
Other Overseas	583	527
Other	621	616
	11,529	10,952

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
4 Other Income		
Consultancy and Other Services Rendered	2,421	3,195
Commercial Services	6,182	6,002
Accommodation Services	10,652	10,170
Aquaculture External Facilities	841	1,011
Sports Development Services	2,061	1,907
Share of income from joint venture	1,172	174
Other Income	4,412	4,259
Deferred Capital Grants Released in Year:		
Buildings (note 19)	349	402
Equipment (note 19)	56	12
	28,147	27,132
5 Endowment and Investment Income		
Income from Expendable Endowments (note 20)	5	23
Income from Permanent Endowments (note 20)	5	2
Other Interest Receivable	216	280
Net Return on Pension Assets	1,179	997
Gain on sale of Equities	14	—
Dividend Income	11	—
	1,430	1,302

Notes to the Accounts – Continued

6 Staff Costs	2015	2014
Staff Numbers by Major Category	F.T.E's	F.T.E's
Academic Schools	608	626
Academic Services	107	99
Administration and Central Services	226	222
Premises	141	139
Research Grants and Contracts	130	121
Catering and Residences	90	90
Miscellaneous/Other	98	97
	1,400	1,394

Staff Costs	£'000	£'000
Wages and Salaries	52,291	50,643
Social Security Costs	3,992	3,884
Pension Costs	7,561	7,981
USPSCS Pension Settlement Costs	1,066	—
	64,910	62,508

Academic Schools	33,744	33,141
Academic Services	4,161	4,090
Administration and Central Services	9,821	9,156
Premises	2,927	2,905
Research Grants and Contracts	5,894	5,535
Catering, Residences and Commercial Operations	4,691	4,562
Miscellaneous/Other	3,671	3,119
	64,910	62,508

Number of staff who received salaries in the following ranges: (including the Principal and Vice-Chancellor):

	All staff		Senior Executive Team		Heads of Schools and Directors of Service Areas	
	2014-15 Number	2013-14 Number	2014-15 Number	2013-14 Number	2014-15 Number	2013-14 Number
£70,000-£79,999	25	27	1	—	—	1
£80,000-£89,999	15	13	—	—	3	1
£90,000-£99,999	16	16	—	1	6	8
£100,000-£109,999	6	4	1	1	3	2
£110,000-£119,999	2	3	1	1	1	1
£120,000-£129,999	1	1	—	1	1	—
£130,000-£139,999	—	—	—	—	—	—
£140,000-£149,999	1	1	1	1	—	—
£150,000-£159,999	1	1	1	1	—	—
£160,000-£169,999	1	—	1	—	—	—
£230,000-£239,999	—	1	—	1	—	—
£260,000-£269,999	1	—	1	—	—	—
Total number of high earners	69	67	7	7	14	13

Notes to the Accounts – Continued

The Senior Executive Team is known as the University Strategy & Policy Group (USPG) and consists of seven positions: 1, Principal and Vice-Chancellor; 2, Senior Deputy Principal and Deputy Vice-Chancellor; 3, Deputy Principal (Operational Strategy and External Affairs) and Deputy Vice Chancellor; 4, Deputy Principal (Education and Students) and Deputy Vice-Chancellor; 5, University Secretary and Chief Operating Officer; 6, Director of Finance; and 7, Deputy Secretary.

The Heads of Academic Schools and Directors of Service Areas consists of eight Heads of Academic Schools: the Graduate School; School of Applied Social Science; School of Arts and Humanities; School of Education; School of Natural Sciences; School of Health Sciences; School of Sport and the University of Stirling Management School; and six Service Directors: Commercial Services; Development and External Affairs; Estates and Campus Services; Human Resources Services; Information Services; and Research and Enterprise. The post of Director of Information Services was vacant in 2013-14.

Compensation for loss of office: Three higher earning employees left under voluntary exit terms during the year. They received a total payment of £142k.

Emoluments – Principal & Vice-Chancellor

	2015 £000's	2014 £000's
Professor Gerry McCormac		
Salary & pension contributions	261	248
Benefits in kind	1	1
	262	249

7 Other Operating Expenses

	2015 £'000	2014 £'000
Academic Schools	6,830	6,368
Academic Services	3,619	2,732
Administration and Central Services	5,202	5,090
Premises	4,695	4,772
Research Grants and Contracts	3,038	3,302
Consultancy and other services rendered	641	1,242
Commercial Services	3,663	3,808
Accommodation Services	2,544	2,781
Aquaculture External Facilities	298	479
Sports Development Services	841	752
Miscellaneous *	1,675	2,285
Early Retirement & Severance	1,264	780
	34,310	34,391

* 2015 £1.7m expenditure includes: £800k contribution to USPS Pension deficit; £225k costs of the Scottish Aquaculture Innovation Park, along with provision for legal costs associated with the UCU employment tribunal and other miscellaneous expenses.

Other operating expenses include:

Auditors' remuneration		
External Auditors		
– for the audit of the financial statements	40	42
– other services	36	17
Internal Auditors	83	49
	159	108

Notes to the Accounts – Continued

8 Interest payable

	2015 £'000	2014 £'000
Bank loans not wholly repayable within five years	843	391
	843	391

9 Analysis of 2014-2015 expenditure by activity

	Staff Costs £'000	Depreciation £'000	Other Operating Expenses £'000	Interest Payable £'000	Total £'000	2013-14 Total £'000
Academic Schools	33,744	351	6,830	—	40,925	39,592
Academic Services	4,246	820	3,619	—	8,685	7,507
Administration and Central Services	9,737	423	5,202	—	15,362	14,681
Premises	2,927	3,431	4,695	—	11,053	11,300
Research Grants and Contracts	5,894	38	3,038	—	8,970	8,864
Consultancy and Other Services Rendered	922	68	641	—	1,631	2,694
Commercial Services	1,179	354	3,663	—	5,196	5,261
Accommodation Services	3,512	1,366	2,544	843	8,265	7,648
Aquaculture External Facilities	473	116	298	—	887	1,043
Sports Development Services	1,656	84	841	—	2,581	2,441
Miscellaneous	618	10	1,675	—	2,303	1,935
Early Retirement & Severance	2	—	1,264	—	1,266	785
Total per Income and Expenditure Account	64,910	7,061	34,310	843	107,124	103,751

The depreciation charge has been funded by:	2014-15 £'000	2013-14 £'000
Deferred Capital Grants Released (note 19)	2,378	2,117
General Income	4,683	4,344
	7,061	6,461

Notes to the Accounts – Continued

10 Tangible Fixed Assets

	Freehold £'000	Land, buildings & assoc. equip. leasehold £'000	Equipment £'000	Assets under construction £'000	Total £'000	2014 TOTAL £'000
At 1 August 2014 cost	137,746	100	21,142	12,069	171,057	152,764
Additions at cost	1,983	—	2,615	14,038	18,636	18,711
Disposals at cost	—	—	(2)	—	(2)	(418)
Transfers	10,914	—	883	(11,796)	—	—
At 31 July 2015 cost	150,643	100	24,637	14,311	189,691	171,057

Depreciation

At 1 August 2014	59,558	63	16,285	—	75,906	69,863
Charge for year	4,968	1	2,092	—	7,061	6,461
Eliminated by disposals	—	—	(2)	—	(2)	(418)
At 31 July 2015	64,526	64	18,375	—	82,965	75,906

Net book value

At 31 July 2015	86,116	36	6,262	14,311	106,727	95,151
At 1 August 2014	78,189	37	4,857	12,068	95,151	82,901

Inherited assets

Buildings with a net book value of £2,736,000 and historical cost of £8,767,000 have been funded from Treasury Sources. In the event of these particular buildings being sold, the University would either have to surrender proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Assets under construction

The incomplete assets as at 31st July 2015 include; the Residential Redevelopment Project (Phase 3) £11,675,000 which was completed in September 2015 and £877,000 design fees for a future phase of this project, with a further £419,000 design and professional fees relating to the new academic building for INTO.

Software

Software with a net book value of £1,082,000 is included within equipment.

Heritage assets

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

Historic land: The University considers that due to the incomparable nature of the relevant land, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the users of the accounts. The University does not recognise this asset on its Balance Sheet.

Library collections: The University does not consider that reliable cost 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 either in the current year or in the future.

Artefacts: As with the Library Collections, the University does not consider that reliable cost 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.

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
	Group and University	
11 Investments		
Listed investments		
Balance as at 1 August	404	385
Additions	66	108
Disposals	(58)	(102)
Appreciation on disposals/revaluation of investments	20	13
Balance as at 31 July	432	404
12 Endowment assets		
Balance as at 1 August	1,834	1,682
New endowments invested	82	30
Endowment assets disposed of	(81)	(27)
Increase in market value of investments	7	—
Increase in cash balances held for endowment funds	1,355	149
Balance as at 31 July	3,197	1,834
Represented by:		
Fixed interest stocks (listed)	15	15
Equities (listed)	184	176
Cash balances (note 26)	2,998	1,643
Total	3,197	1,834

Notes to the Accounts – Continued

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
13 Debtors				
Amount falling due within one year:				
Debtors	5,260	4,192	5,260	4,314
Prepayments and accrued income	5,972	4,058	5,289	4,058
Debtors falling due after more than one year	150	150	150	150
	11,382	8,400	10,699	8,522

14 Creditors: amounts falling due within one year				
Bank and other loans	1,152	—	1,152	—
Creditors	8,087	6,966	8,087	6,966
Accruals and deferred income	15,890	16,578	15,113	16,565
Social security and other taxation payable	1,647	1,669	1,647	1,669
	26,776	25,213	25,999	25,200

15 Creditors: amounts falling due after more than one year				
Bank and other loans	35,784	23,622	35,784	23,622
	35,784	23,622	35,784	23,622

	Group and University	
	2015 £'000	2014 £'000
16 Loans and overdrafts		
Loans and overdrafts are repayable as follows:		
In one year or less	1,152	—
Between one and two years	1,204	—
Between two and five years	3,936	—
In five years or more	30,644	23,622
Total	36,936	23,622

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
17 Consolidated provisions for liabilities and charges		
At 1 August	1,278	591
Utilised in the year	(575)	(242)
Released unutilised	(325)	(10)
Arising in the year	1,120	939
At 31 July	1,498	1,278

18 Joint ventures

INTO University of Stirling LLP is an exciting new joint venture between the University and INTO University Partnerships Limited, which was created in financial year 2013-14. The joint venture will create two world-class international study centres in Stirling and London which will provide a range of academic and English language preparation courses for international students, with the expectation of an additional 400 students being recruited. Pre-sessional teaching began in summer 2014. The University's share, 50%, of the company's gross assets and liabilities are included in the University's consolidated balance sheet and 50% of its income is reported in the University's consolidated income and expenditure account.

The University's share of the company turnover, assets and liabilities were as follows:

	2015 £'000	2014 £'000
Turnover	1,172	174
Share of gross assets	1,219	613
Share of gross liabilities	(2,500)	(970)
	(1,281)	(357)

Notes to the Accounts – Continued

19 Deferred Capital Grants

	Consolidated and University			
	Funding Council £'000	Other Grants and Gifts £'000	2015 Total £'000	2014 Total £'000
At 1 August 2014				
Buildings	20,081	10,017	30,098	31,170
Equipment	1,455	25	1,480	191
Total	21,536	10,042	31,578	31,361
Cash received				
Buildings	729	(28)	701	814
Equipment	941	66	1,007	1,520
Total	1,671	38	1,708	2,334
Released to Income and Expenditure account				
Buildings (notes 1 and 4)	(1,435)	(349)	(1,784)	(1,886)
Equipment (notes 1 and 4)	(538)	(56)	(594)	(231)
Total (note 8)	(1,973)	(405)	(2,378)	(2,117)
At 31 July 2015				
Buildings	19,376	9,640	29,016	30,098
Equipment	1,858	34	1,893	1,480
Total	21,234	9,675	30,909	31,578

Notes to the Accounts – Continued

20 Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total £'000
Balance as at 1 August				
Capital	216	1,477	1,693	1,282
Accumulated income	54	87	141	400
	270	1,564	1,834	1,682
New Endowments	—	1,569	1,569	411
Investment Income	5	5	10	25
Expenditure	(5)	(218)	(223)	(284)
	—	(213)	(213)	(259)
Increase in market value of investments	7	—	7	—
Balance as at 31 July	277	2,920	3,197	1,834
Representing				
Capital	216	2,920	3,136	1,693
Accumulated income	61	—	61	141
Total	277	2,920	3,197	1,834

Notes to the Accounts – Continued

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
21 General reserve				
Income and Expenditure Account				
Balance as at 1st August	47,454	46,155	47,804	46,155
Historical Cost Surplus after Depreciation of Assets and Tax	2,252	3,721	3,176	4,071
Actuarial gain / (loss) on pension scheme liability	730	(2,422)	730	(2,422)
At 31st July	50,436	47,454	51,710	47,804
Represented by:				
Income and Expenditure Account				
Balance as at 1st August	49,480	47,246	49,830	47,246
Historical Cost Surplus after Depreciation of Assets and Tax	2,252	3,721	3,176	4,071
Transfer from Pension Reserve	(1,095)	(1,487)	(1,095)	(1,487)
	50,637	49,480	51,911	49,830
Pension Reserve				
Deficit in schemes at beginning of year	(2,026)	(1,091)	(2,026)	(1,091)
Movement in year:				
Current Service Cost	(254)	(440)	(254)	(440)
Contributions	1,236	930	1,236	930
Net Return on Assets	113	997	113	997
Actuarial gain / (loss)	730	(2,422)	730	(2,422)
Deficit in Scheme at end of year	(201)	(2,026)	(201)	(2,026)
Reconciliation				
Income and Expenditure Account	50,637	49,480	51,911	49,830
Pension Reserve	(201)	(2,026)	(201)	(2,026)
	50,436	47,454	51,710	47,804

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
22 Reconciliation of Operating Surplus to Net Cash		
Inflow from Operating Activities		
Surplus on continuing operations after depreciation of assets and before tax	3,087	3,819
Pension Costs less contributions payable (note 27)	(1,095)	(490)
Depreciation (note 10)	7,061	6,461
Revaluation of Investments (note 11)	(20)	(13)
Deferred Capital Grants Released to Income (note 19)	(2,378)	(2,117)
Investment income and net endowment receivable (note 5)	(1,430)	(1,302)
Interest payable (note 8)	843	391
Increase in stocks	(2)	53
Increase in debtors/prepayments (Note 13)	(2,982)	(2,161)
Increase in creditors/accruals (Note 14)	1,563	1,080
Increase in provisions (Note 17)	220	687
Net cash inflow from operating activities	4,867	6,408
23 Returns on Investment and Servicing of Finance		
Income from endowments (note 20)	10	25
Other interest received (note 5)	216	280
Gain on sale of Equities (note 5)	14	—
Dividend Income (note 5)	11	—
Interest paid (Note 8)	(843)	(391)
Net cash outflow from returns on investments and servicing of finance	(592)	(86)
24 Capital Expenditure and Financial Investment		
Purchase of tangible fixed assets (other than leased equipment)	(18,610)	(18,711)
Purchase of investments (note 11)	(66)	(108)
Sale of investments (note 11)	58	102
Payments to acquire endowment assets	(82)	(30)
Receipt from sale of endowment assets	81	27
Deferred Capital Grants received in-year	1,708	2,334
Endowments received (note 20)	1,569	411
Net cash outflow in respect of capital expenditure and financial investment	(15,341)	(15,975)

Notes to the Accounts – Continued

25 Analysis of Changes in Financing during the Year

	Total Loans £'000
Balances at 1 August 2013	12,315
New leases/loans	11,307
Net amount borrowed in year	11,307
Balances at 31 July 2014	23,622
New leases/loans	13,314
Net Amount Borrowed in Year	13,314
Balances at 31 July 2015	36,936

26. Analysis of Changes in Net Funds

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand, and at bank	26,810	769	27,579
Endowment asset investments (note 12)	1,643	1,355	2,998
	28,453	2,124	30,577
Debt due within one year	—	(1,152)	(1,152)
Debt due after more than one year	(23,622)	(12,162)	(35,784)
Total	4,831	(11,190)	(6,359)

Notes to the Accounts – Continued

27 Pension schemes (Group and University)

Composition of schemes

The University participates in three defined benefit contracted out pension schemes: the Universities Superannuation Scheme (USS); the University of Stirling Pension Scheme (USPS); and the University of Stirling Pension Scheme for Contract Staff (USPSCS). They are defined benefit schemes, the assets of which are held in separate trustee-administered funds.

The total pension costs for the University were:

	2015 £'000	2014 £'000
USS: contributions paid	7,736	7,358
USPS/USPSCS:		
Contributions paid	807	933
FRS 17 charge	(982)	(490)
Charge to the Income and Expenditure Account (staff costs)	(175)	443
Total Pension Costs (note 6)	7,561	7,981

Contributions amounting to £988k (2014: £996k) were payable to the schemes and are included in creditors.

University of Stirling Pension Scheme (USPS) and the University of Stirling Pension Scheme for Contract Staff (USPSCS)

The University operates defined benefit schemes in the UK. These are separate trustee - administered funds holding pension scheme assets to meet long term pension liabilities. The results of the actuarial valuation of the University of Stirling Pension Scheme as at 1 August 2012 and the results of the 31 August 2011 actuarial valuation of the University of Stirling Pension Scheme for Contract Staff have been updated to 31 July 2015 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The majority of the assets and liabilities detailed below are in respect of the University of Stirling Pension Scheme. The University currently pays deficit contributions of £66,667 per month in respect of the University of Stirling Pension Scheme and £7,900 per month in respect of the University of Stirling Pension Scheme for Contract Staff. The University of Stirling Pension Scheme closed to future accrual on 31 July 2013. The University of Stirling Pension Scheme for Contract staff closed to future accrual on 31 July 2014 and a resolution to wind-up the Scheme was completed on 8 January 2015. All benefits were then transferred to individual annuity policies with Aviva. The settlement of the liabilities is shown as a settlement cost in the Income and Expenditure Account.

Notes to the Accounts – Continued

The principal assumptions set by the University and applied by the actuary, for the USPS and USPSCS schemes were:

	At 31-07-15	At 31-07-14	At 31-07-13
Rate of increase in salaries	2.4%	2.4%	2.4%
Discount rate for scheme liabilities	3.7%	4.2%	4.7%
Inflation assumption – CPI	2.4%	2.4%	2.4%
Inflation assumption – RPI	3.4%	3.4%	3.4%

Notes:

- 2015 – Salary growth is 1% per annum for one year, 1.5% per annum for the next two years and CPI thereafter.
- 2014 – Salary growth is 2% per annum for two years and CPI thereafter.
- 2013 – Salary growth is 1% per annum for three years and CPI thereafter.

The mortality assumptions adopted at 31 July 2015 imply the following life expectancies:

	At 31-07-15	At 31-07-14
Retiring today/current pensioners		
Males	21.10	21.12
Females	23.40	23.37
Retiring in 20 years/future pensioners		
Males	22.80	22.86
Females	25.30	25.26

The assets and liabilities in the USPS and USPSCS schemes and the expected rates of return were:

	Long-term rate of return expected at 01-08-14	Long-term rate of return expected at 01-08-13
Equities	7.0%	7.1%
Bonds	3.2%	3.3%
Property	6.7%	6.8%
Other (cash)	0.5%	0.5%
Overall for scheme	6.2%	6.4%

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
Analysis of amount charged to operating profit		
Current service cost	(254)	(440)
Total operating charge	(254)	(440)
Analysis of amounts credited to other investment income		
Expected return on pension schemes' assets	3,930	3,924
Interest cost	(2,751)	(2,927)
Losses on settlements	(1,066)	—
Net return	113	997
Analysis of amounts recognised in STRGL		
Difference between actual return and expected return on pension scheme's assets	6,748	2,404
Experience gains and losses arising on the schemes' liabilities	249	48
Changes in financial assumptions underlying the schemes' liabilities	(6,267)	(4,874)
Actuarial gain / (loss) recognised in STRGL	730	(2,422)
Movement in Deficit Through the Year		
Deficit in Schemes at beginning of year	(2,026)	(1,091)
Current Service Cost	(254)	(440)
Contributions	1,236	930
Other Finance Income	113	997
Actuarial gain / (loss)	730	(2,422)
Deficit in Schemes at end of year	(201)	(2,026)
Movement in present value of schemes' liabilities		
Liability at beginning of year	68,718	63,569
Service Cost	254	440
Employee Contributions	—	8
Interest Cost	2,751	2,927
Actuarial Losses	6,018	4,826
Benefits Paid	(2,847)	(3,052)
Liabilities extinguished on settlements	(1,765)	—
Liability at end of year	73,129	68,718
Movement in market value of schemes' assets		
Asset at beginning of year	66,692	62,478
Expected Return	3,930	3,924
Actuarial Losses	6,748	2,404
Contributions by Employer	1,236	930
Contributions by Members	—	8
Benefits Paid	(2,847)	(3,052)
Assets distributed on settlements	(2,831)	—
Asset at end of year	72,928	66,692

Notes to the Accounts – Continued

History of Experience Gains and Losses

	31-07-15	31-07-14	31-07-13	31-07-12	31-07-11
Difference between the expected and actual return on schemes' assets:					
Amount (£'000)	6,748	2,404	4,666	(1,582)	1,764
Percentage of schemes' assets	9.3%	3.6%	7.5%	(2.9%)	3.4%
Experience gain/(loss) arising on the schemes' liabilities:					
Amount (£'000)	249	48	403	(550)	(789)
Percentage of schemes' liabilities	0.3%	0.1%	0.6%	(1.0%)	(1.5%)
Total Amount of actuarial gain/(loss)					
Amount (£'000)	730	(2,422)	2,543	401	8,467
Percentage of schemes liabilities	1.0%	(4.0%)	4.0%	0.7%	16.5%

Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The institution is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £7,736k (2014: £7,538k) as shown in notes 6 and 27. This includes £988k (2014: £996k) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Notes to the Accounts – Continued

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ['light'] YoB tables – No age rating
Female members' mortality	S1NA ['light'] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long-term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long-term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6
Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	72%

Notes to the Accounts – Continued

	2015 £'000	2014 £'000
28 Capital commitments		
Commitments contracted at 31 July	3,687	14,795
Authorised but not contracted at 31 July	3,319	32,560
	7,006	47,355
29 Lease obligations		
Operating lease commitments for the 2014 financial year, on leases expiring:		
Between one and five years		
Union Street residential property lease	299	599
Lyon Crescent residential property lease	432	432
Scion House commercial property lease	62	—
	793	1,031
30 Discretionary funds		
Balance at 1 August	1	3
Funding Council grants	718	733
Previous years loan repaid	2	3
Interest earned	1	2
	722	740
Disbursed to students	(722)	(739)
	—	1
Balance Unspent as at 31 July	—	1

The grants and related disbursements are available solely to students, with the University acting as paying agent. These funds are therefore excluded from the Income and Expenditure Account. The University accounts to the Scottish Executive on the use of these funds to the 31 March.

Notes to the Accounts – Continued

31 Contingent liabilities

The University is a member of UMA(SR) Limited, a company formed to provide a 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 risen 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 the 31 July 2015 is circa £360k.

The University is currently subject to an appeal by the University and College Union (UCU) in relation to a number of employees who left the University at the end of their fixed term contracts and under the voluntary severance scheme offered in 2009. The appeal was rejected by the Court of Session however in April 2015 the Supreme Court of the United Kingdom ruled in favour of UCU. The University will have to pay a proportion of the legal fees incurred, which at the time of writing is still unknown. A provision for this has been made. The University will continue to resist against the cost of protective awards with a number of complex legal matters to be determined by the Tribunal. Accordingly the University does not believe it is appropriate to make any provision for protective awards in these financial statements.

The University and College Union (UCU) is also seeking reimbursement of deducted wages from 2-hour strikes held early in 2014 however the University will challenge any claims and hence does not believe it is appropriate to make a provision in these financial statements.

A contingent liability exists in relation to the Universities Superannuation Scheme (USS) pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

32 Related Party Transactions

	Income £'000	2014-15 Expenditure £'000	Debtor £'000	Income £'000	2013-14 Expenditure £'000	Debtor £'000
Stirling University Innovation Park Limited (SUIP) (Note 1)	98	355	11	74	469	13
University of Stirling Students' Union (USSU) (Note 2)	54	178	14	65	228	1
MacRobert Arts Centre (Note 3)	–	36	–	–	–	–
	152	569	25	139	697	14

Note:

1. SUIP – Dr John Rogers and Ms Karen Plouviez, Directors
2. USSU – Ms Amy McDermott – President from 1 June 2014, Mr Andrew Kinnell – President from 1 June 2015, Ms Lauren Marriott – Vice President from 1 June 2014, Ms Hollie Cameron – Vice President from 1 June 2015
3. MacRobert – Ms Amy McDermott, Trustee.

Notes to the Accounts – Continued

33 University Companies

The University owns 100% of the issued share capital of Stirling University Residential Accommodation Limited (“SURA”). SURA was renamed from an existing company, SURE Ltd. 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 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.

The University owns 50% of the issued share capital of Stirling University Innovation Park Limited. The principal activity of the company is the development, promotion and management of Stirling University Innovation Park. In view of the lack of controlling interest, the company’s results have not been consolidated into the University’s financial statements.

34 Works of art

The University displays a number of valuable works of art, not included in the Balance Sheet. The approximate value of the collection for insurance purposes is £7.3m.

35 Post Balance Sheet Events

There were no post balance sheet events which require disclosure within these financial statements.

Composition of Committees Concerned Directly with Finance

In the year ended 31 July 2015

Membership of Audit Committee

Mr S Haldane *
Mr R G Murray (Chair) *
Mr G Pomphrey *
Mr K Fraser * (from 01-01-2015)

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

Mr Harry Adam *
Professor A Bowes
Professor S Burt (to 31-12-2014)
Professor E Burke
Professor J Gardner
Mr P Holmes *
Mr A Kinnell (from 01-06-2015)
Professor M MacLeod (from 01-01-2015)
Ms L Marriott
Professor G McCormac
Ms A McDermott (to 31-05-2015)
Ms B McKissack *
Mr S Morrow
Mr R Oram (to 31-12-2014)
Ms E Schofield
Mr A G Simpson *
Professor Leigh Sparks
Mr A Sturgess (Chair) *

* Lay member

The University Court

For the Year to 31 July 2015

Ex-Officio Members:

Professor (Francis) Gerard McCormac

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

Professor Edmund Burke

BEd, MSc, PhD (Leeds), FORS, FBCS, CITP, Senior Deputy
Principal

Councillor Mike Robbins

MICH, ACMI, ACIEA – Provost of Stirling

Mr Andrew Kinnell from 1 June 2015

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

Ms Amy McDermott to 31 May 2015

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

Ms Lauren Marriott

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

Appointed Members:

Mr Harry Adam

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

Mr Simon Niall Anderson

MA, MSc (Edinburgh) – appointed by the Court

Professor Brian Austin

BSc (Newcastle), PhD, DSc, (Newcastle/Heriot-Watt),
FHEA, FRSA – appointed by Academic Council

Mr Kevin Condon

BA (Stirling), DipM, DipCIPD – appointed by the Court

Professor Brigid Daniel

MA (St Andrews), PhD (Edinburgh), CQSW – appointed
by Academic Council

Mr James Dick

Appointed by the Staff Assembly

Appointed Members (continued):

Dr Jozsef Farkas

MSc, PhD (Budapest) – appointed by Academic Council

Professor Tara Fenwick

BA, BEd, MEd, PhD (Alberta) – appointed by Academic
Council

Ms Alison Green

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

Mr Scott Haldane

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

Mr Peter Sloan Holmes

BA (Oxon) – appointed by the Court

Mr Sean Lewis

BA (Stirling), CA – appointed by the Court

Ms Lynne Anne Marr

LLB (Edinburgh), DipLP – appointed by the Court

Ms Barbara McKissack

BA (Stirling) – appointed by the Court

Mr Richard Gerard Murray

BA (Stirling), CA – appointed by the Court

Mr Gordon McLaren Pomphrey

BSc (Strathclyde), CEng, FICE – appointed by the Court

Professor Leigh Robinson

BPhyEd (Otago), MSc, PhD (Loughborough) – appointed
by Academic Council

Mr Alan Gordon Simpson

MA (Oxon), DL, CEng, MICE, appointed by the Court –
Chair of Court

Mr Andrew Sturgess

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

Contacts

Campuses

Stirling (main University switchboard)
+44 (0) 1786 473171

Highland Campus (Inverness)
+44 (0) 1463 255655

Western Isles Campus (Stornoway)
+44 (0) 1851 704704

Development & External Affairs

Alumni Relations
+44 (0) 1786 467055

Development
+44 (0) 1786 466675

International Office
+ 44 (0) 1786 466681/466041

Student Recruitment & Admissions
+44 (0) 1786 467046

Communications, Marketing and Public Engagement

Communications
+44 (0) 1786 466676

Marketing
+44 (0) 1786 466676

Publications
+44 (0) 1786 466676

Web & Digital
+44 (0) 1786 467250

Events
+44 (0) 1786 467033

University of Stirling
Stirling FK9 4LA
Scotland UK
www.stir.ac.uk

To view the current version of the Financial Statements,
visit: www.stir.ac.uk/about/publications

Accommodation & Commercial Services

+44 (0) 1786 466000

Estates & Campus Services

+44 (0) 1786 467094

Finance Office

+44 (0) 1786 467124

Gannochy Sports Centre

+44 (0) 1786 466900/466500

Human Resources Services

+44 (0) 1786 467136

Macrobert Arts Centre

+44 (0) 1786 466666

Registry & Governance Services

+44 (0) 1786 466949

Research & Enterprise Office

+44 (0) 1786 467041