

Financial Statements

2015–2016

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Principal's Introduction

Stirling's global presence continued to grow in the academic year 2015-16, as we strengthened our international partnerships and made advances in research which will have a positive impact on people's lives.

We maintained a strong position in UK and international rankings, enhancing our reputation as an institution of excellence. We graduated over 2,900 students from more than 80 countries and our research income totalled £11m.

Our world-class researchers tackled a wide range of issues affecting society today, leading major studies into global issues such as the Ebola epidemic in West Africa and how to improve the lives of people living with dementia. Collaborating institutions ranged from Sheffield to Stanford, and our research and expertise was shared and made headlines around the globe.

Articles published by University of Stirling academics on news analysis website The Conversation reached 3.3 million readers in the UK, Asia, North America and beyond. The University consistently appeared in the top 10 UK institutions for the number of pieces published, helping to promote our expertise across the world.

We continued to improve the student experience. In response to student views and in collaboration with the Students' Union, we introduced a new policy for assignment feedback. As a University built on support, transparency and respect for equality and diversity, we also set out a new Student Code to reinforce this ethos in our community.

In 2015-16 we exceeded targets for undergraduate recruitment, bringing the total number of full-time undergraduate students at Stirling up to 9,000. The University also secured additional widening access places for Scottish and EU students and successfully recruited students from England, Wales and Northern Ireland to fill those places withdrawn by the Scottish Funding Council.

We saw an improved performance in the 2016 National Student Survey (NSS) with our overall satisfaction rate increasing by 3% to 89%. This is the joint highest score achieved at Stirling to-date and was above both the Scottish and UK sector averages.

Additionally, we were ranked first in Scotland and third in the UK for university graduate employability among institutions with more than 500 respondents, according to the Higher Education Statistics Agency (HESA). Almost 97% of Stirling's 2014-15 graduates had a positive destination after University, including employment and further study – a 0.8% increase on last year.

Work got underway on a new central INTO Academic Centre at the heart of our Stirling campus. The new building will integrate the Centre into University life and give our INTO students easy access to first class study and social facilities. This project is testament to the quality of our pre-sessional education for overseas students and supports our vision to work with partners to grow our international population from a strong base.

In April, we launched our new Strategic Plan 2016-2021 – the blueprint to achieving success over the next five years. Developed in wide consultation with staff, our ambitious targets are to: be one of the top 25 universities in the UK; increase our income by £50 million; enhance our research profile by 100 per cent; and ensure internationalisation is at the heart of everything we do. Our commitment to achieving these goals will allow us to transform the lives of our students, develop our staff and make a difference to society.

As Stirling approaches its milestone half-century anniversary, I am confident we are well-placed to build on our global reputation for high-quality teaching and research. We will continue to be an agent for change, connecting people, innovating and transforming the lives of our students, staff and the global communities we serve.



Professor Gerry McCormac
Principal and Vice-Chancellor

“In April, we launched our new Strategic Plan 2016-2021 – the blueprint to achieving success over the next five years.”

Strategic Report

This Strategic Report is prepared in accordance with the guidance issued by the UK Accounting Standards Board (June 2014). It provides an overview of the University, its objectives and targets, performance over the year, financial position and future plans.

Strategic Management

The University of Stirling was established by Royal Charter (RC 000669) in 1967 and is a charity registered in Scotland with the Office of the Scottish Charity Regulator (SC011159). The University is a public benefit entity.

The University's Strategic Plan 2016-2021 was approved by University Court in December 2015 and launched at the MacRobert Arts Centre in April 2016. The Strategic Plan can be located at <http://www.stir.ac.uk/about/our-strategy>. This new strategy will build on the successes already achieved by the University which has a global reputation for high-quality teaching and research.

Our Vision is to be recognised across the world as a University that addresses the needs of society through innovative interdisciplinary research; learning and teaching of the highest quality; and by sharing our knowledge with the world.

Our Values inform everything we do and underpin our actions. They are the foundation upon which we develop and grow as an institution:

- **Excellence** – leading the way globally in our areas of research expertise and through the delivery of an outstanding learning experience
- **Openness** – being open in all we do, communicating the work and worth of the University to the wider world, and engaging people in the delivery of our vision
- **Ambition** – growing the University in innovative ways, embedding sustainability, and making it a role model for the sector.

Objectives

To be a globally-connected university, we must continue to build and strengthen further our international links by: connecting with partner universities, organisations and people around the world; producing research with global relevance and impact; and graduating students as global citizens, who will play a leadership role in their communities, wherever they live. To achieve these goals we will ensure internationalisation is at the heart of everything we do.

We have identified a set of overarching institutional objectives that will help us focus on the practical steps needed to achieve our goals and to establish the University in the top 200. We want to:

- be one of the top 25 universities in the UK
- increase our income by £50 million
- enhance our research profile by 100 per cent
- ensure internationalisation is at the heart of everything we do

Our objectives are underpinned by a more detailed set of operational strategies and performance measures that are monitored regularly, individually, collectively and by the University Court.

In delivering our 25-50-100i objectives, we are focussing on four key areas:

Learning, teaching and the student experience

To achieve our learning and teaching objectives we will use a variety of methods including working with business, the public and the third sectors to identify and embed skills that will enhance the employability of our students, and give them the tools they need to build successful careers. Using our global employer, alumni and university networks we will offer international experiences to all our students and to enhance international diversity on campus. We will develop shared spaces to encourage group and cross discipline learning and through new technologies, support the different ways people learn and interact.

To measure our success in meeting these objectives we have set a series of challenging targets. We aim to be placed in the top-quartile of UK universities in student satisfaction scores in the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES). By 2021 we should have increased taught postgraduate student numbers by 20 percent from the 2014-15 baseline of 1199 and increased overseas student numbers by 65 percent from the 2014-15 baseline of 860. We will also expand opportunities for students to get work-related experience and have set an ambitious target of 85 percent for graduates entering graduate-level employment or further study by 2021. We will also work with our external partners to increase undergraduate places for all nationalities, including Scottish students.

Research with impact

The University believes that the most effective universities are those that embrace a strong research ethos benchmarked against international standards. Academically, it gives us global reputational reach and connectivity, improves our ability to attract the highest quality staff and helps us inspire our students. To achieve our objective we will collaborate with business and industry, other universities and the public sector to ensure our research directly benefits society, nationally and internationally. We will extend and strengthen our research partnerships and collaborations, nationally and internationally. In addition, we will support the commercialisation of research and build our reputation for applied research.

To measure our success in meeting these objectives we have set a series of targets. These targets include securing a place in the top 200 for our research; increasing our external grant income by 100 percent during the 5 year period; increasing externally funded research-only staff numbers by 30 percent; growing the number of teaching and research staff towards a target of 500 and achieving an annual year on year increase in income from our enterprise activities.

Partnerships and public engagement

In an increasingly inter-connected world, our partnerships and public engagement activities help us to make a real impact on society, making the most of our intellectual, cultural and sporting assets. By working in partnership with businesses and other institutions, for example, Forth Valley College, we have already established integrated degree courses which are producing skilled graduates in the digital, heritage, creative and life science sectors. We will go further, we will build global partnerships with institutions, businesses and industry and position the University as a model of a publicly-engaged university, building and sustaining strong relationships with all our stakeholders.

To measure our success in meeting these objectives we have again set a series of targets. One of these targets is to develop up to five key multidimensional and long term overseas partnerships with leading international institutions. The University will also seek to grow the number and quality of partnerships it has with industry, policy makers and other higher education institutions in the UK and internationally.

Effectiveness and sustainability

The University of Stirling is committed to being a responsible and sustainable organisation. We will measure our success against this with the following outcomes and targets. We will aim to increase our annual income by £50m from the 2014-15 baseline of £111 million, thereby generating sufficient revenue to invest in institutional priorities throughout the lifetime of the Strategic Plan. Through our biennial staff survey results we will be able to measure whether we have achieved our target of being a sector leader ranked in the top quartile as “a good place to work”. We also aim to be awarded the Athena SWAN institutional Silver and departmental Gold award in recognition of our commitment to advancing the careers of women in science, engineering, technology, maths and medicine (STEMM) in higher education and research. The University is committed to ensuring that staff are valued, passionate about their roles and inspired to provide the highest quality services.

Business Performance

Highlights of the year

Notable achievements during 2015-16 included:

- The University was ranked joint 3rd in Scotland for overall student satisfaction in the 2016 National Student Survey (NSS). There was considerable success for individual subject areas: Social Policy and Mathematics and Statistics were joint 1st in the UK for student satisfaction; and Sociology, Journalism, Media Studies, English and Finance were 1st or joint 1st in Scotland.
- 97% of Stirling graduates were in a ‘positive destination’ (employment or further study) six months after graduation. The University ranked 1st in Scotland and 3rd in the UK for graduates in a positive destination in 2016.
- The University of Stirling and NHS Forth Valley were awarded Partnership of the Year at the 2015 Student Nursing Times Awards, held in London. The Awards celebrate the very best in nurse education, and the two institutions – sole Scottish winners – came top for their Psychological Trauma-Informed Care Partnership. Linking Stirling’s Faculty of Health Sciences and Sport Mental Health team and NHS Forth Valley Mental Health Services has led to the development of ground-breaking care within Scotland.
- The value of new research awards in 2015-16 was £11.2 million, which is the fifth year in a row that the University has exceeded £10 million.

Strategic Plan KPIs

Overall, the University made excellent progress against most Strategic Plan indicators for the Strategic Plan 2011-2016, even in areas where the 2016 target was not achieved. The result is that while a number of indicators have been assigned 'red' traffic lights, the overall sustainability and profile of the institution has improved significantly since 2010-11.

The Strategic Plan 2011-2016 was intended to be an ambitious document that identified the need for a step change in performance, particularly where Stirling was behind competitor institutions. Targets were developed by analysing the performance of benchmark institutions, and milestones were used to report annual progress to Joint Policy Planning and Resources Committee (JPPRC) and University Court.

In 2015-16 excellent progress was made across many indicators which monitored achievement of the 2011-2016 Strategic Plan. Particular highlights included:

- The number of teaching and research staff increased from 313 FTE in 2010-11 to 381 FTE in 2015-16 as a result of new investment across the institution.
- Average entry tariffs increased from 330 in 2010-11 to 386 in 2015-16, while at the same time the University achieved widening access targets and successfully recruited students from the Rest of the UK (RUK).
- The University achieved 97% graduate employability based on the proportion of first degree students entering employment or further study and was ranked 1st in Scotland and 3rd in the UK.
- The proportion of graduates entering graduate level jobs increased from 71% in 2010-11 to 78% in 2015-16.
- The total value of Research Grant and Contract (RGC) income increased from £8.4 million in 2010-11 to £11.0 million in 2015-16.

A summary of the University's performance is provided in **Table 1**. The KPIs and milestones have been mapped from a baseline of 2014-15 to the end of the Strategic Plan in 2021. As noted above, the KPIs show a step-change in 2017-18, indicating the need for immediate action during 2016-17 to improve the recruitment of unregulated students and to grow research income.

The following notes should be considered in relation to the KPIs and milestones in **Table 1**:

- Targets for income growth have been identified across all non-regulated teaching, research and commercial activity. It has been assumed that the University will secure continued investment from government grants, but that growth will be flat from 2016-17 onwards.
- The University aims to deliver £50 million income growth with a 10-12% contingency built in (approx. £6m). The KPIs have been modelled to drive step-change activity particularly in the early years of the new Strategic Plan, and will mitigate the numerous risks associated with unregulated income (e.g. immigration policy).
- Targets associated with UK league tables (NSS etc.) are based on the minimum improvement required to achieve a top-quartile position in each indicator. Changes or improvements elsewhere in the sector will require annual milestones to be updated to ensure the University improves its relative position compared to other institutions.
- Targets for research income growth are aligned with the Research Strategy and are calculated using a formula-driven approach to incremental growth in award value over the period to 2020-21.
- Staffing numbers are modelled on steady growth that takes into account major changes such as the transfer of Health Sciences staff to University of Highlands and Islands (UHI) in 2017. It is therefore anticipated that a step-change in unregulated income in 2017-18 will facilitate growth in academic staff numbers and will enable the University to maintain a top-quartile position for student:staff ratio.
- The University aims to grow the number of Research Postgraduates (RPGs) to a level of two students for every research-active member of staff by 2021. Milestones for this indicator will be adjusted according to planned growth in academic staff numbers.
- The HESA non-continuation figures have not yet been published and will be included in KPI data when available.

University KPIs	Baseline	Actual	Indicative Milestones					Risk
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	



Be one of the top 25 universities in the UK*

Student Satisfaction (overall satisfaction)	NSS	86%	89%	90%	91%	>91%	>91%	>91%	Low	
	PTES	90%	89%	90%	91%	>91%	>91%	>91%		
	PRES	85%	83%	86%	88%	90%	91%	>91%		
Teaching satisfaction	NSS	88%	88%	90%	91%	>91%	>91%	>91%		
Assessment & Feedback	NSS	69%	72%	80%	>80%	>80%	>80%	>80%		
Employability	Positive Destination	95.6%	96.8%	96%	97%	>97%	>97%	>97%		Medium
	Grad-level job	77.2%	77.9%	81%	82%	83%	84%	85%		
Non Continuation	HESA	5.4%	TBC	5.3%	5.1%	<5%	<5%	<5%		Low
Entry tariffs	CUG	374	385	395	400	405	410	415		
Student : Staff Ratio*	SSR (CUG)	14.9	16.5	14.8	14.5	14.0	13.8	13.5		



Increase our income by £50 million

University income	Total (£k)	£110,211	£113,434	£117,413	£134,941	£143,053	£154,822	£167,136	High
Research Income	Income (£k)	£10,983	£10,947	£11,190	£14,700	£16,100	£18,500	£22,000	
Commercial Services	Total (£k)	£16,834	£18,986	£19,331	£19,808	£21,049	£21,601	£22,177	
Sports Development Services	Total (£k)	£2,061	£1,986	£2,077	£2,399	£2,601	£2,863	£3,125	
Philanthropic Income	Total (£k)	£1,600	£1,500	£2,000	£2,400	£2,900	£3,400	£3,900	
Enterprise Income	Total (£k)	£2,862	£2,799	£2,931	£3,257	£3,692	£4,346	£5,109	
Unregulated students recruitment	TPG Overseas (fte)	498	516	550	720	823	957	1,100	Medium
	TPG Home (fte)	710	780	815	1,005	1,108	1,219	1,340	
	UG RUK (fte)	645	870	910	1,075	1,183	1,301	1,431	
	UG Overseas - standard entrants (fte)	256	231	300	425	507	600	709	
	Off campus fee income (£k)	£1,613	£1,755	£1,881	£2,392	£2,753	£5,073	£6,250	



Enhance our research profile by 100 percent

Academic staffing	Teaching and Research (FTE)	380	380	390	410	435	450	485	Low
	RPG SSR	0.9:1	0.9:1	1.1:1	1.5:1	1.6:1	1.8:1	2:1	
Research Postgraduates	Home/EU (fte)	250	250	298	430	501	587	692	High
	Overseas (fte)	110	100	154	218	257	304	362	
Research Grant & Contract	Award Value (£k)	£13,264	£11,233	£14,497	£17,997	£21,997	£23,997	£25,997	Medium
Employer reputation	QS World Ranking	401	401	360	320	280	240	<200	
Academic reputation	QS World Ranking	401	401	360	320	280	240	<200	
Citations	QS World Ranking	401	206	200	200	<200	<200	<200	



Ensure internationalisation is at the heart of everything we do

*will be met by growing the number of academic staff in line with the student population.

Table 1 – University KPIs

Please note the financial performance figures in this table were prepared on a SORP 2007 i.e. pre FRS102 basis.

The HESA non-continuation figures have not yet been published and will be included in KPI data when available.

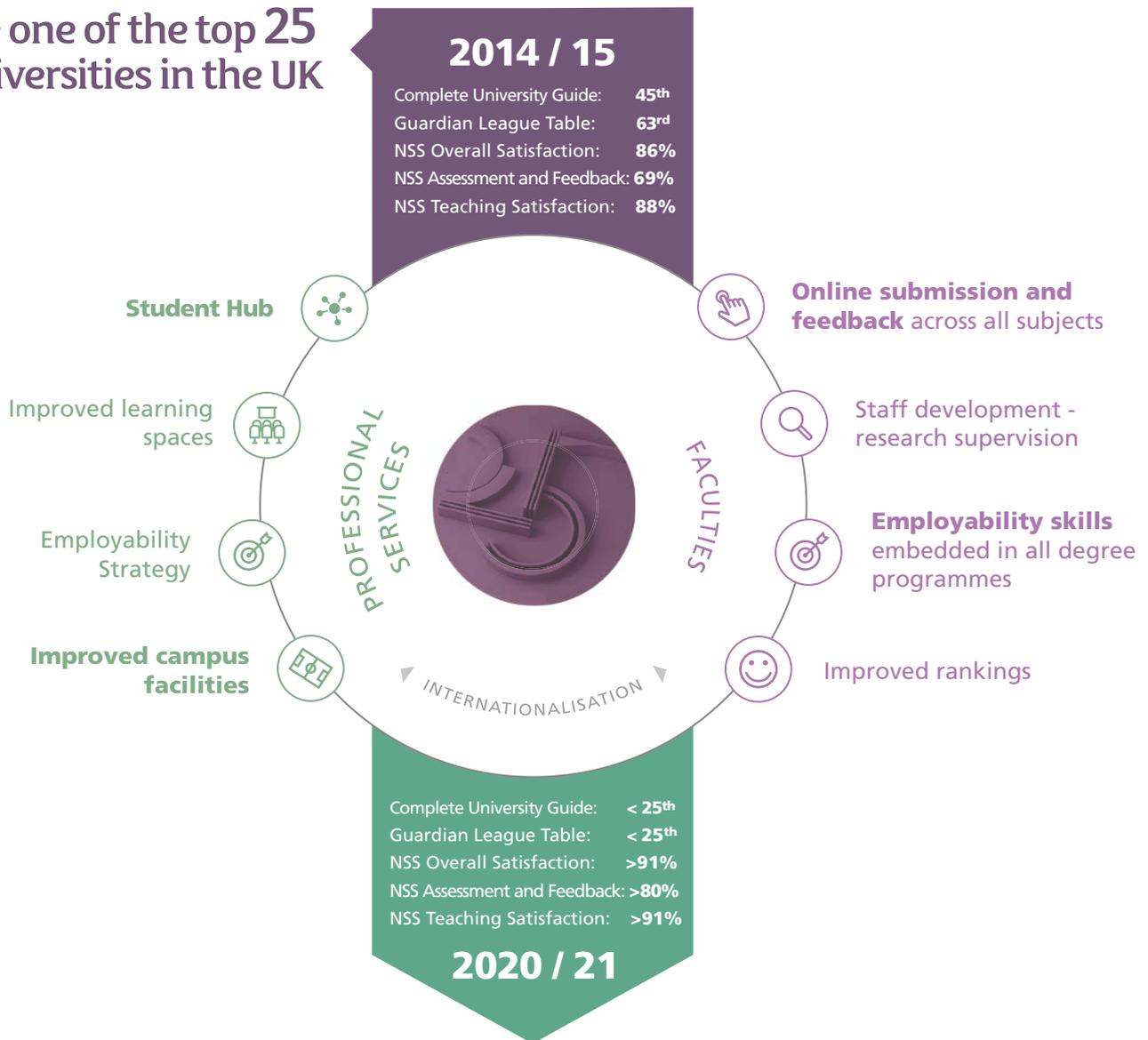
The risk ratings have been assessed against the following: likelihood, impact and financial risk, and a RAG rating agreed accordingly.

The risk and mitigating actions are documented in the operational plan "Making It Happen" and were endorsed by University Court in September 2016.

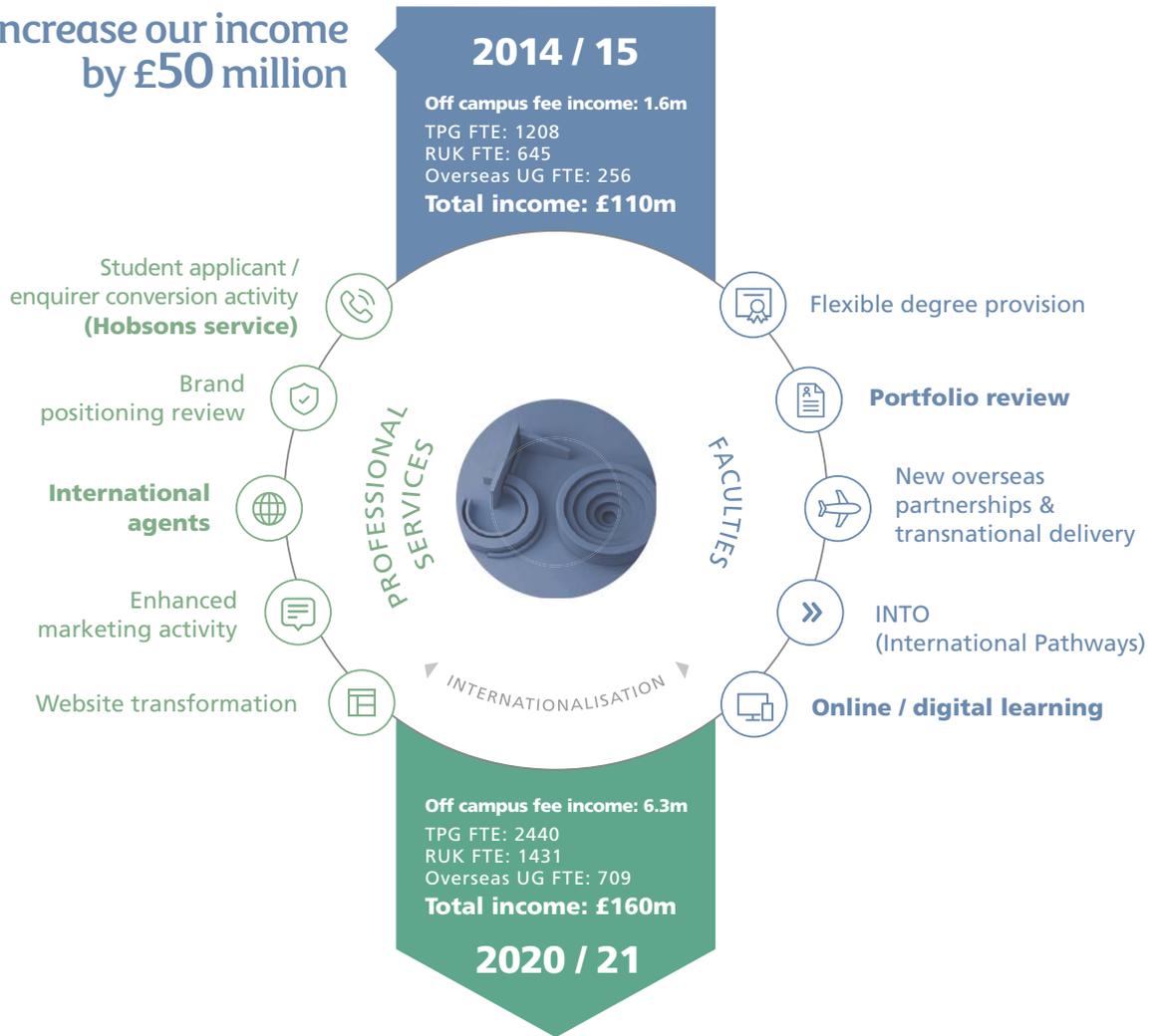
High
Medium
Low

This section provides a flavour of some institution-wide strategic projects to achieve 25:50:100i targets by 2020-21.

Be one of the top 25 universities in the UK



Increase our income by £50 million



Student applicant / enquirer conversion activity (**Hobsons service**)



The University will take forward a student enquiry and applicant conversion system, to support our faculties to recruit unregulated students, utilising customer relationship management technology.



Portfolio review

A strategic review of the portfolio of programmes offered at the University will determine how we can enhance current provision and identify new opportunities.

International agents



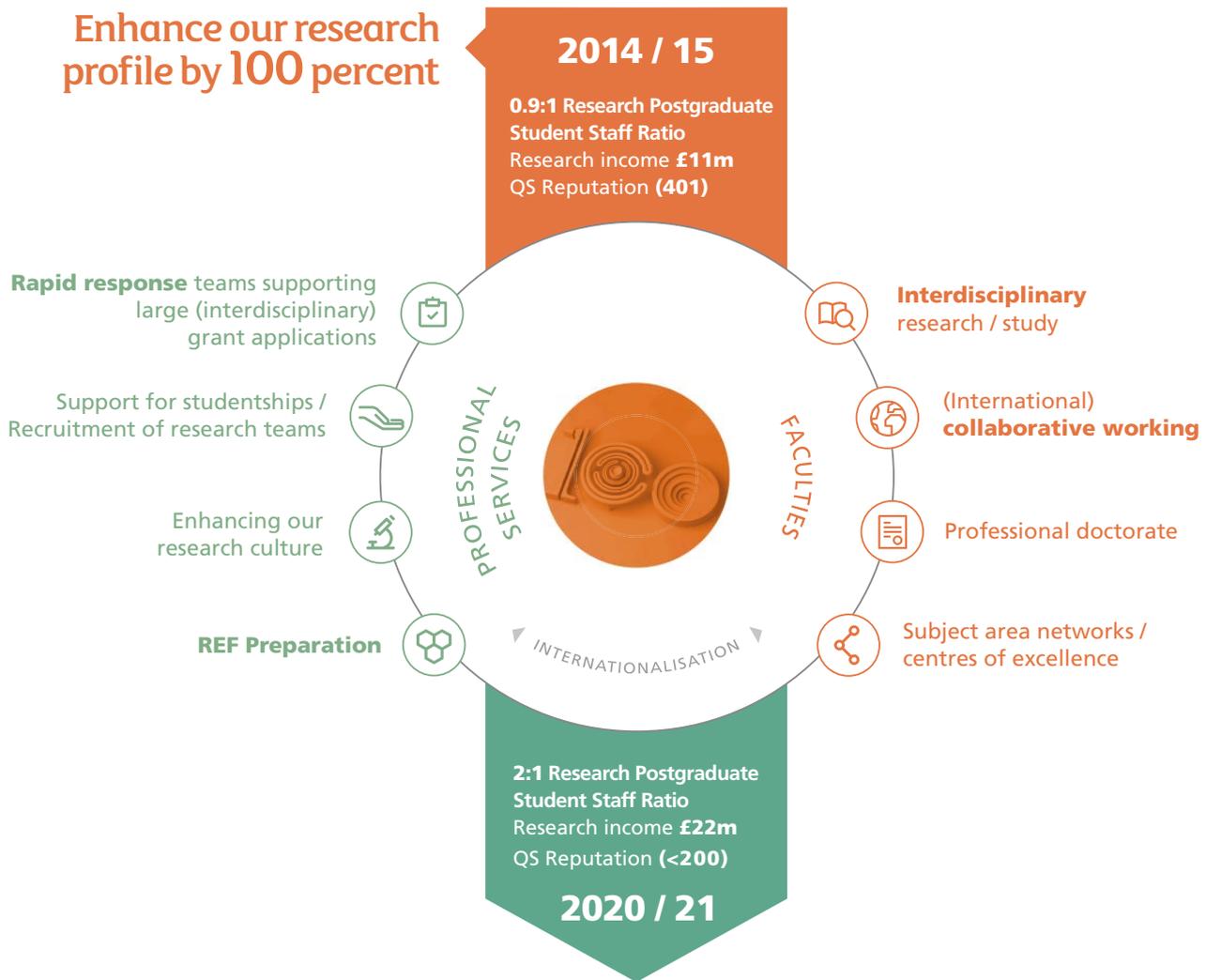
The University will implement a more strategic approach to working in partnership with a core network of international agents in key overseas markets.



Online / digital learning

The University will provide a greater level of online learning options across a range of disciplines.

Enhance our research profile by 100 percent



REF Preparation



The University will undertake a REF preparation exercise ahead of the anticipated 2020 submission, including conducting mini REFs with associated improvement plans.



Interdisciplinary research / study

The University will support faculties in developing more opportunities for interdisciplinary research and study options.

Rapid response teams supporting large (interdisciplinary) grant applications



Rapid response teams will be formalised to ensure the University is in the best position to submit timely grant applications for large (interdisciplinary) research grants.



(International) collaborative working

Focus will be given to the development of international collaborative research partnerships, which will strengthen our international reputation for research.

Sustainability

The University needs to be sure that key resources are being managed effectively to at least maintain the current capacity of the institution to respond effectively to changing demands.

To be sustainable, we need to ensure we are attracting students and high calibre staff, and that our infrastructure is in good order. The measures included in the University's KPIs have been selected to monitor these areas:

- The largest single source of income for the University is the core grant received from the Scottish Funding Council (SFC), which accounted for 37.3% of income in 2015-16.
- Despite the difficult financial environment, the University achieved an overall surplus net of new investment in 2015-16 (net of adjustments required on converting to the new FRS102 accounting standard). The Financial Strategy has a target to generate a surplus of 6% to enable the University to invest in strategic priorities. This remains a significant challenge given the external environment for unregulated tuition fee income and research grants.
- Undergraduate student applications increased by 6.5% for Home/EU students and the University was able to fill all places for 2015-16 including ring-fenced places for Scottish students domiciled in more deprived postcodes. The number of RUK applications dropped by 1% to 1,609, however the University enrolled 288 new RUK entrants in September 2015.

Recruiting and retaining high calibre staff continues to be a key focus for the University. New investment in academic staffing was made during previous planning and budgeting cycles and the staff FTE has increased significantly as posts were filled. In 2015-16, however, the total number of academic staff on teaching and research contracts remained broadly static at 380 FTE.

Financial Review

The introduction of the new SORP (incorporating FRS102) has resulted in significant changes in the way all Universities present their financial statements. Some of these changes are largely presentational, but others, in particular the inclusion of Universities Superannuation Scheme (USS) pension liabilities and how all pensions' liabilities are reported make understanding the underlying financial position of the University more challenging than in the past.

As part of the process of adopting the new SORP (incorporating FRS102) for 2015-16 the University had to follow a complex process (including the adoption of new accounting policies) of assessing and converting the prior year 2014-15 financial statements' Income and Expenditure, Balance Sheet, Cash

flow, Statement of Recognised Gains and Losses (STRGL) and corresponding notes into the new SORP format, to allow prior year comparative figures to be reported.

In order to accomplish this the University had to undertake a number of steps. First amongst those was to re-present the opening Balance Sheet for the previous year's comparative figures as at 1 August 2014 in accordance with the new SORP. The significant changes to the Balance Sheet at 31 July 2014 have been the revaluation of fixed assets which increased fixed assets by £100.2 million, the net increase in reserves as a result of that revaluation, the inclusion of the USS pension provision of £9.1 million for the first time, and the reclassification of deferred capital grants of £31.6 million within reserves. These together with other minor changes which are fully detailed in notes 30 and 31, increased reserves by £90.6 million.

The next step was to convert the 2014-15 Income and Expenditure Account and the Statement of Recognised Gains and Losses into the new Statement of Comprehensive Income and Expenditure (SOCIE). The significant changes were the inclusion and incorporation of the USS pension provision movement of £5.4 million and the changing presentation associated with the University of Stirling Pension Scheme (USPS) notably the inclusion of the actuarial loss/net return on scheme assets of £1.1 million at the foot of the SOCIE below the deficit for the year. These together with other minor changes are fully detailed in notes 30 and 32.

There are a number of presentational changes we would highlight:

- the Operating and Financial Review (OFR) has been replaced by the Strategic Report
- the Income and Expenditure Account has been replaced by the Statement of Comprehensive Income and Expenditure (SOCIE)
- the Statement of Total Recognised Gains and Losses has now effectively been discontinued as a separate primary statement and incorporated into the SOCIE
- there is now a Statement of Changes in Reserves

In addition to implementing the new SORP, the University has revalued its land and buildings and restructured its debt into a longer-term repayment profile which more appropriately reflects the long-term investment in fixed assets that the debt has been used to fund.

These changes which, whilst overall adversely impact on the reported deficit, do not change the underlying strong financial performance that the University had in 2015-16, nor the underlying strength of its Balance Sheet.

The paragraphs below represent a year-on-year comparison between 2014-15 and 2015-16 in terms of the new SORP, but as has been done previously, there is also commentary on the underlying operating results for 2015-16. In addition, there are highlights demonstrating the overall strengthening of the Balance Sheet at 31 July 2016 in the new SORP, and a comparison to the 31 July 2015 position in the old SORP.

Statement of Comprehensive Income and Expenditure (SOCIE)

Results for the year to 31 July 2016 (new SORP)

The University incurred a deficit for the year of £3.1 million.

The significant movements between 2014-15 and 2015-16 in the Statement of Comprehensive Income are highlighted below:

Income:

Total income on operating activities has increased by £3.9 million (3.6%) which is due to a combination of factors including:

- The Scottish Funding Council increased by £1.3 million (3.1%). This increase was due to the SFC funding additional places in relation to Widening Access and Articulation agendas and also due to the higher award for the Research Grant for Excellence.
- Tuition fee income increased by £2.5 million (8.6%) year-on-year which was mainly due to the increase in student fees from fourth year Rest of UK (RUK) Undergraduate students who are no longer funded from the SFC grant. There was also an improvement in the recruitment of Taught Postgraduate students (TPG).
- Other income increased by £1.2 million (4.6%) which in the main is a result of an increase in accommodation services attributable to the completion of the third and final phase of the Residences Redevelopment project and associated increase in available rooms.
- Donations and endowments receipts have comparatively decreased by £1 million (64.3%) from the prior year which is largely due to there being a receipt of an exceptional donation of £1.3 million in 2014-15 which in 2015-16 was not replicated.

Expenditure:

Total expenditure on operating activities has increased by £0.2 million (0.2%) which is due to a combination of factors including:

- Staff costs decreased by £3.5 million (5.0%). This was a result of a reduction in the notional USS provision of £5.4 million which was offset against other staff cost increases of £1.9 million which resulted from various sources including a 1% annual pay award (£0.6 million), an increase in employer

National Insurance contributions of 3% (£0.4 million) and an increase in employer pension contributions of 2% (£0.3 million). There were also additional costs in relation to the annual leave accrual and Scottish Aquaculture and Innovation Centre (£0.2 million)

- Other operating expenditure increased by £1.7 million (5.1%). This was a result of a £0.3 million increase in Article Processing Charges and new subscriptions, an increase of £0.3m of fees to Forth Valley College to teach additional students, which was more than offset by an increase in income; and increases in discount costs relating to fees of £0.25 million and an increase in provisions of £0.75 million.
- Depreciation increased by £1.9 million (21.6%) caused in part by the accelerated depreciation associated with the impairments of fixed assets and the depreciation of fixed assets added in year.

Underlying Operating Position for the year to 31 July 2016

The performance against budget has been reported fully on a quarterly basis via the management accounts. Through that process the Joint Policy, Planning and Resources Committee (JPPRC) has considered key budget variances in individual budget headings as well as the University's overall position in terms of the forecast outturn for the year. The management accounts together with JPPRC's consideration of the figures are subsequently reported to each meeting of Court.

The management accounts to 31 July 2016 were reported to the University Strategy and Policy Group (USPG) and Court in September 2016. These accounts reported an operating surplus of £3.607 million.

The table overleaf shows the movements from the previously reported surplus £3.607 million to the underlying operating loss £0.486 million, the deficit for the year reported in the SOCIE £3.073 million, and finally incorporating the pensions impact now included at the foot of the SOCIE instead of being included in the Statement of Total Recognised Gains and Losses.

The impact of the negative £10 million pension adjustment highlights the volatility of pension calculations, with the corresponding entry for 2014-15 being a positive £2 million i.e. a £12 million change. This change was largely due to the change in economic assumptions with regards to the calculation of the present value of future pension costs. This was adversely affected by the EU referendum outcome (Brexit) which impacted on a key component in the actuarial calculation. This is a non-cash item and recognises a potential long term obligation of the University, the value of which has been shown to be volatile.

	£'000
Surplus for the year as previously reported to USPG and Court in Management Accounts	3,607
Less: increase in other provisions	(750)
Less: net increased depreciation charge as a result of revaluation	(1,785)
Less: FRS102 change to treatment of deferred capital grants	(1,591)
Add: additional investment income	33
Sub Total	(4,093)
Underlying Operating Loss	(486)
Less: FRS102 change - derivative swap increase in liability	(1,872)
Less: FRS102 change - employee leave accrual	(107)
Add: FRS102 change - treatment of endowment income	343
Less: share of loss of Joint Venture/Subsidiary	(447)
Less: accelerated depreciation of fixed assets	(1,147)
Add: Research and Development Expenditure Credit (RDEC) claim (final year)	432
Less: USS pension provision	(149)
Add: USPS cost reduction	360
Sub Total	(2,587)
Deficit for the year	(3,073)
Less: impact of USPS adjustments	(9,995)
Total comprehensive income for the year under new SORP	(13,068)

Table 2 – Explanation for movement between reported management accounts surplus and deficit reported in SOCIE.

Balance Sheet and Cash Flow

Results for the year to 31 July 2016 (new SORP)

The revalued fixed asset figure is £201.2 million, which while positive, is on a like for like basis reduced by £4.2 million from the previous year. This is due to the depreciation charge, based on the revalued assets, being greater than the University's investment in new capital expenditure. In this context it is worth noting that the University invested £6.4 million in fixed assets in the period.

The balance sheet is strengthened by net current assets increasing by £32 million to £49.2 million. This is as a consequence of the £20 million Revolving Credit Facilities being retained on deposit, the as yet unspent portion of the private placement which relates to the INTO building (£4.9 million) and an overall improvement of £7.1 million in cash holdings.

Long term borrowings now stand at £69.7 million which is a £32.8 million increase. In addition to the £20 million Revolving Credit Facilities, the University also has a £49.7 million private placement. The final repayment on these loans will be completed in 2048, and this debt now more appropriately reflects the long-term nature of the investments made in fixed assets.

The balance sheet includes pension provisions of £9.8 million in respect of USPS and £14.7 million as the University's share of the USS deficit.

Comparison of Balance Sheet 2015-16 (new SORP) to 2014-15 (old SORP)

As stated above 2015-16 has been a transitional year of change. The points noted below show the overall very positive changes to the University Balance Sheet from 2014-15 (old SORP) to 2015-16 (new SORP):

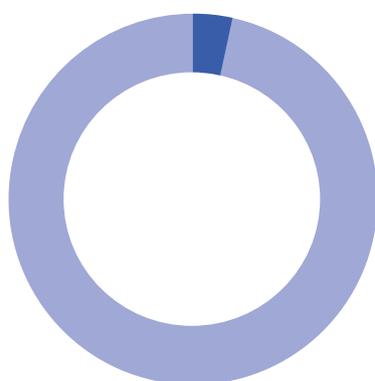
- fixed assets have increased from £106.7 million to £201.2 million, an increase of £94.5 million
- cash has increased from £27.6 million to £38.2 million, an increase of £10.6 million
- net current assets have increased from £13.0 million to £49.2 million, an increase of £36.2 million
- Long-term borrowing has increased from £36.9 million to £69.7 million, an increase of £32.8 million
- pensions provisions have increased to £24.5 million from £0.2 million
- reserves have increased from £84.5 million to £153.6 million, an increase of £69.1 million

Supporting our staff

Academic staffing

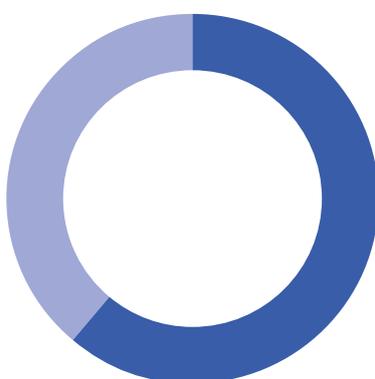
Stirling remains one of the smallest research universities in the UK, although sustained investment in academic staffing over the past four years has enabled the University to increase the number of teaching and research staff to 380 FTE. As noted in the new Strategic Plan, there is a demonstrable correlation between the size of the research community in an institution and the ability to sustain high levels of research performance over time. The University has set an ambition to increase teaching and research staff to 485 FTE in the next five years, in line with growth in student numbers.

Figure 1 – 2015-16 Headcount by declared disability.



Disability Recorded	Headcount	%
■ yes	56	3.54%
■ no	1527	96.46%
Grand Total	1583	100.00%

Figure 2 2015-16 Headcount by gender.



Gender	Headcount	%
■ Female	970	61.28%
■ Male	613	38.72%
Grand Total	1583	100.00%

Staff Survey Results

In the most recent staff survey most respondents said they felt that the University acted fairly, regardless of ethnic background, gender, religion or belief, sexual orientation, disability, age, gender identity, marital/civil partnership status, and pregnancy/maternity status with regard to recruitment, access to training, investigating complaints and career progression/promotion. Most respondents (93% - 98%) believed the University equally respects people of each protected characteristic.

Equality and Diversity

The University of Stirling aims to integrate diversity and equal opportunity into all its activities from key decisions on its mission and strategic objectives to day-to-day operations. It does not tolerate discrimination, is committed to working with diversity in a wholly positive way to promote understanding, equality and inclusiveness. Everyone should receive fair and equal treatment, whatever their relationship with the University. Figure 1 shows the number and proportion of salaried staff with a declared disability. Figure 2 shows the number and proportion of male and female salaried staff.

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 2016, was 34 days.

There are no matters to disclose in relation to any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Business Environment

Scottish Funding Council Grants

The University's main grant allocation was announced on 9 May 2016. At a sector level, the total revenue funding allocated by SFC in 2016-17 will be £1.027 billion, which represented a net decrease of 3.3% compared to 2015-16. The following changes have been implemented:

- The SFC reduced the core teaching grant by 2.9% by reducing gross subject prices across all subject areas by 2.9%.
- The Research Excellence Grant (REG) for the sector was protected in cash-terms, which enabled SFC to fulfil the indicative REG allocations that were announced in March 2015.

- The SFC introduced a new University Innovation Fund (UIF) for 2016-17, which replaced the Knowledge Exchange Grant and the Knowledge Transfer Grant with an average reduction across the sector of 29%.
- The capital maintenance grant for the sector was reduced by a total of £5.7 million (27%) compared to the previous year.
- Following a supplemental ministerial letter of guidance, the SFC supported a final cohort of additional places for widening access and articulation in 2016-17.
- The total amount of funding allocated by the SFC to support widening access, innovation centres and other strategic projects was reduced by 25%.

A comparative breakdown of the core SFC grant for 2016-17 is shown below in **Table 5**. The University received a small increase in general funding of 2.7% compared to the previous year. The increased teaching grant was due to an allocation of additional places for widening access, articulation, education and nursing, net of a 2.9% reduction in subject prices. The uplift in Research Excellence Grant (REG) allocation was a result of the University's positive Research Excellence Framework (REF) result in 2014, although the full benefit of the new REG allocations will not be received until 2017-18.

	2015/16 (£000s)	2016/17 (£000s)	% Change
Main Teaching Grant	24,164	23,210	(3.9%)
Widening Access (UG)	-	731	
Articulation	-	554	
Combined degree with Heriot Watt	-	68	
Total Teaching Grant (excluding Nursing)	24,164	24,563	1.7%
Nursing and ITE Grant	7,010	7,052	0.6%
Total Teaching Grant	31,174	31,615	1.4%
Research Excellence Grant	5,928	6,554	10.6%
Research Postgraduate Grant	1,241	1,250	0.7%
Knowledge Exchange Grant	70	-	
Knowledge Transfer Grant	392	-	(10%)
University Innovation Fund	-	416	
Total Research and Knowledge Exchange	7,631	8,220	7.7%
Total General Funding	38,805	39,835	2.7%
Strategic Funding	3,637	2,994	(17.7%)
Capital Grants	934	896	(4.1%)
Grant Total	43,376	43,725	0.8%

Table 5: Breakdown of grant allocation 2016-17

European Union Referendum

Following the result of the EU referendum, the University has worked closely with representative bodies and the Scottish and UK governments to ensure future support for students and staff and to preserve opportunities for world-leading collaborative research. A statement from the Principal was issued to all staff and students - <http://stir.ac.uk/1be>

The Scottish Government committed to a continuation of existing tuition fee arrangements for EU students currently studying at Scottish institutions and for entrants in 2016-17. A similar commitment was made by the UK government in respect of EU students in other parts of the UK.

The UK government also confirmed that any European Commission research grants awarded while the UK was still a member of the EU would be guaranteed by the Treasury. This will continue if the project continues beyond the UK's departure from the EU. The UK government also announced that all European Structural and Investment Funds (ESIFs) projects signed before the Autumn Statement would be fully funded, even when they continue beyond the UK's departure from the EU.

Higher Education and Research Bill (Westminster)

The UK Government announced the HE and Research Bill in 2016 which purported to increase transparency, raise the quality of teaching, open up the sector to alternative providers, introduce a new 'Office for Students' and revise the structures for supporting research. When the Bill entered the committee stage of approval in the House of Commons, the Committee received written evidence from sector bodies such as Universities UK (UUK). UUK written evidence welcomed the introduction of a Bill to reform the regulatory architecture of higher education, but raised concerns at the increased powers the Bill sought to award to the regulating body and the Secretary of State. UUK questioned the impact these may have on institutional autonomy and academic freedom. The Bill will progress through Parliament in 2016-17.

Teaching Excellence Framework

The UK government announced the implementation of a Teaching Excellence Framework (TEF). The TEF represented a drive from the UK government to assess higher education providers on their educational standards, to give students better information about what they can expect from their course and to give universities a financial and reputational incentive to improve teaching. The Higher Education Funding Council for England was commissioned to develop and implement the TEF and appointed a Project Board and TEF Panel. A technical consultation in summer 2016 sought input from the HE sector on the shape of the 'TEF Year 2' model from 2017. The devolved administrations were in discussions with the UK government and HEFCE on the potential implementation of the TEF across the UK.

Higher Education Governance (Scotland) Act 2016

The HE Governance Bill was approved by the Scottish Parliament on 8 March 2016. The Act introduced the requirement for elected chairs of governing bodies and specified the membership of governing bodies to include trade union representatives and the composition of academic boards. Detailed guidance will be developed to support the implementation of this Act.

Postgraduate Funding – Scotland

A Scottish Government working group published a report in December 2015 on financial barriers to access postgraduate opportunities in Scotland. The report recommended the introduction of a universal entitlement to student loans that would stimulate greater participation in taught postgraduate study. The Scottish Government has yet to indicate whether it will take forward the recommendations.

Postgraduate Funding – England

A new system of postgraduate loans will come into effect in England from September 2016. Students wishing to undertake a taught postgraduate masters in any subject will be able to access a portable loan of up to £10,000. In March 2016, the Chancellor announced that research postgraduates from England will also be able to access loans of up to £25,000 when offered places at UK universities in cases where there is no research council funding for living expenses. These schemes do not apply to Scottish domiciled students, but would apply to English students at Scottish institutions.

Commission on Widening Access

The Commission on Widening Access published its final report in March 2016. The report made 34 recommendations and set a series of targets to ensure students from the 20% most deprived areas make up 20% of higher education entrants by 2030. The University of Stirling already meets the Commission's interim target of 10% for all institutions by 2021. The Scottish Government accepted the 34 recommendations in May 2016.

Risk Management

The University faces numerous risks that could affect any aspect of its academic, administrative or commercial business activities. The principal risks and uncertainties being faced by the organisation relate to the UK exit from the European Union and risk to international partnerships and funding arrangements; reduction in core public funding to the University including research, teaching and capital funds; and that the improved performance in the Research Excellence Framework (REF) is not sustained.

To mitigate these risks the university is taking the following actions:

- Representation through representative bodies, such as Universities Scotland and Universities UK, to UK and Scottish Government on the importance of retaining access to European research funding, support for European students and the right to remain for EU staff.
- In relation to core public funding, the University's strategic plan seeks to grow income streams from unregulated student tuition fees and research grants.
- To mitigate the risk, the University will develop a "rapid response" approach to support the development of large grants and will begin development of a REF strategy and mock-REF through 2017-2019 to prepare for the next REF expected in 2020-21.

Priorities for 2016-17

The delivery of the Strategic Plan is supported through initiatives that bring together teams from across the University's academic and professional services, together with representatives from University of Stirling Students' Union (USSU) and other stakeholders. Institution-wide strategic projects will enhance student experience, drive efficiency and generate new income. They will complement the range of activities led from within each faculty and professional services directorate.

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

Thorntons Law LLP

Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ



A. Sturgess

Chair, Joint Policy Planning and Resources Committee

12 December 2016

Corporate Governance

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).

Governing Body

The Court of the University is, subject to the provisions of the Charter and Statutes, the executive governing body of the University and is responsible for the administration and management of the revenue and the assets of the University. This section outlines the University's corporate governance arrangements. A list of the members of the University Court and Committees during the year ended 31 July 2016 can be found on page 21.

In accordance with the University's Charter, the Court has overall responsibility for the management of the University's resources, the on-going strategic direction of the University, approval of major developments, and the receipt of regular reports from Executive Officers on the 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 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 a number of changes were made to ordinances to reflect the new academic structures. In particular ordinances 46, 48 and 63 were repealed and replaced with two new ordinances (69 and 70) covering Faculties and Deans of Faculties respectively. Revisions were made to ordinances 2, 22, 58, 64, 66 and 68.

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 2016 was 56.5% male: 43.5% female (66.6% male: 33.3% female among 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 2015-16 a recruitment process was carried out for new lay members of Court. Following extensive advertising both internally and externally and a rigorous selection process two new lay members of Court were appointed.

In March 2016 the Scottish Parliament approved the Higher Education Governance (Scotland) Act 2016 and it received Royal Assent on 13 April 2016. As a result of the new legislation, changes will be required to the composition of Court and Academic Council. The main changes to Court membership are that it will include two members of directly elected staff and two members nominated by trade unions. Academic Council membership will change so that 50% of members are elected staff or students and at least 10% of members are students. The change to Court membership will require Privy Council approval to amend the University's statutes. Other changes introduced by the Act include the requirement to hold elections as part of the recruitment process for the Chair of Court. Work will be undertaken to ensure the University meets the new requirements during the four year phase-in period.

Inductions are held for new members of Court as required which provides members with an outline of their governance responsibilities and highlights some of the key issues of interest to Court members, particularly in relation to the external environment. Meetings of Court are preceded by presentations or visits to different academic and service areas of the University to help their understanding of the operations of the University. Visits to the Students' Union and Communications, Marketing and Public Engagement took place during 2015-16. A pre-Court presentation was also given on FRS102 to help members understand the new financial reporting requirements. Training is supplemented by members attending programmes offered by the Leadership Foundation for Higher Education for governor development as and when required.

Court has a Statement of Primary Responsibilities which lays out its responsibilities in relation to mission, vision and strategy; students and staff; financial systems and control environment; corporate governance, and senior management. A copy of the Statement can be viewed on the University website at: <http://stir.ac.uk/1bf>

Principal Committees

The University's committee structures are under constant review. During 2015-16 the Education and Student Experience Committee (ESEC) and the committees reporting in to it were reviewed. This led to the creation of two new committees (Academic Quality Standards and Learning and Teaching) and a revision to the remit and composition of ESEC. The remit and composition of the Research Committee was also reviewed and amended during the year. The composition of other committees, including Academic Council, have also been revised during the year to take account of the new academic structures implemented in 2015-16. All sub-committees of Court or Academic Council report at least on an annual basis to the relevant committee.

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 JPPRC also recommended to Court the University's recurrent budget and capital expenditure plans.

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

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

The Court Appointments Committee seeks and considers recommendations for potential lay members of Court and it oversees Court appointments to other committees. This Committee also has an important role to play in ensuring diversity among Court members and on other committees. Over the coming years, it will work towards the Committee of Scottish Chairs' objective to have a minimum of 40% of each gender among lay members of Court.

The Audit Committee is responsible for assisting and advising Court on the discharge of its responsibilities. It ensures that appropriate controls are in place to safeguard all funds received by the University and reviews and monitors accounting policies and practice. It oversees the remit and findings of both the internal and external auditors, and meets with them to review their reports. It also reviews the financial statements of the University prior to their submission to Court. While senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the Internal and

External Auditors on its own for independent discussions. During the year the Committee considered six separate internal audits reports and carried out detailed follow-up reviews of outstanding audit actions.

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

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's governance is kept under review and an annual report on the effectiveness of Court during 2015-16 was considered at the end of the year.

Risk Management and Internal Control

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 only provide reasonable and not absolute assurance against material misstatement or loss.

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

The University maintains a register of strategic risk that is reviewed on a regular basis by the Audit Committee on behalf of University Court. Each faculty and professional service area maintains its own operational risk register that is integrated into the planning and budgeting process. The Register of Strategic Risk helps to embed risk management throughout the organisation and is closely aligned to the objectives in the Strategic Plan. The register supports delivery of the University's risk management policy, and is aligned to best practice guidance relating to risk management in the Higher Education sector. A full review of the register was undertaken following the launch of the University's new Strategic Plan 2016 – 2021.

Going Concern

The University Group made a deficit in 2015-16 of £3.1m after suffering a deficit of £7.3m in the previous financial year. However, profitability alone does not ensure the going concern status of an organisation. The critical factor that management of the University have used to determine the Going Concern status of the University of Stirling is whether it can maintain sufficient working capital balances. The University has a strong balance sheet with a non-current assets of £200 million, net current assets of £49.5 million including a cash balance of £38.2 million.

The University's forecasts and projections to 2018-19, taking account of future developments and reasonable sensitivities in relation to the key risks, indicate that the University should be able to operate within its current facilities and available headroom. The Court considers that the University has adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Group's financial statements.

Membership of Court and Committees 2015-16

	C=Court A=Audit J=JPPRC	Membership dates	Attendance 2015-16		
			Court 4 in year	Audit 3 in year	JPPRC 3 in year
*Ms Fiona Sandford	C, J		3 (Chair)		3
*Mr Harry Adam	C, J		4		3
*Mr Simon Anderson	C		2		
*Mr Kevin Condron	C		4		
*Mr Scott Haldane	C, A		2	2	
*Mr Peter Holmes	C, J	To 31/05/2016	2 (of 3)		2
*Mr Sean Lewis	C		2		
*Ms Lynne Marr	C		2		
*Ms Barbara McKissack	C, J		3		3
*Mr Richard G Murray	C, A	To 31/07/2016	3	3 (Chair)	
*Councillor Mike Robbins	C		2		
*Rev Maggie Roderick	C, A	From 01/06/2016	1 (of 1)	1 (of 1)	
*Mr Andrew Sturgess	C, J		4		3 (Chair)
*Mr Kenny Fraser	A			3	
Mr Andrew Kinnell	C, J	To 31/05/2016	3 (of 3)		3
Ms Lauren Marriott	C, J	To 31/05/2016	3 (of 3)		3
Mr Dave Keenan	C, J	From 01/06/2016	1 (of 1)		0 (of 0)
Ms Jess Logan	C, J	From 01/06/2016	1 (of 1)		0 (of 0)
Professor Alison Bowes	J				3
Professor George Burt	J				1
Professor Brigid Daniel	C		4		
Mr James Dick	C		3		
Professor Jayne Donaldson	C		3		
Professor John Gardner	C, J		4		3
Ms Alison Green	C		4		
Ms Kate Howie	C		4		
Professor Malcolm MacLeod	J				3
Professor Gerry McCormac	C, J		4		3
Mr Stephen Morrow	J				1
Professor Holger Nehring	C		4		
Dr Gabriela Ochoa	J				2
Professor Judith Phillips	J	From 01/03/2016			2 (of 2)
Professor Leigh Robison	C		4		
Ms Eileen Schofield	J				3
Professor Leigh Sparks	J				3

* Lay members
JPPRC - Joint Policy Planning & Resources Committee

Accounting Responsibilities of the University Court

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

The Court is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time the financial position of the University, and enable it to ensure that the financial statements are prepared in accordance with: the University's Charter & 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 the 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.

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

We have audited the financial statements of the University of Stirling for the year ended 31 July 2016 set out on pages 25 to 59. 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) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the University Court, in accordance with section 7 of 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University 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 Statement set out on page 22 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 Group's and the University's affairs as at 31 July 2016, of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 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 Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum.

Independent Auditor's Report to the University Court of the University of Stirling (continued)

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 Strategic Report 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: 19 December 2016

Consolidated Statement of Comprehensive Income and Expenditure

	Note	2016		2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Scottish Funding Council Grants	1	42,235	42,235	40,984	40,984
Tuition fees and education contracts	2	30,857	30,857	28,405	28,405
Research grants and contracts	3	11,492	11,492	11,529	11,529
Other income	4	27,821	27,821	26,590	26,590
Investment income	5	285	285	252	252
Donations and endowments	6	564	564	1,581	1,581
Total income		113,254	113,254	109,341	109,341
Expenditure					
Staff costs	7	66,284	66,284	69,753	69,753
Other operating expenses		35,534	35,522	33,795	33,795
Depreciation	11	10,412	10,412	8,561	8,561
Interest and other finance costs	8	3,548	3,548	3,488	3,488
Total expenditure	9	115,778	115,766	115,597	115,597
Deficit before other gains losses and share of operating surplus/(deficit) of joint ventures and associates		(2,524)	(2,512)	(6,256)	(6,256)
Gain on investments		-	-	7	7
Share of operating deficit in joint venture	12	(436)	-	(932)	-
Deficit before tax		(2,960)	(2,512)	(7,181)	(6,249)
Taxation	10	(113)	(113)	(124)	(124)
Deficit for the year		(3,073)	(2,625)	(7,305)	(6,373)
Return on scheme assets (excluding amount included in net interest expense)	29	3,098	3,098	7,990	7,990
Actuarial loss in respect of pension schemes	29	(13,093)	(13,093)	(6,032)	(6,032)
Total comprehensive expenditure for the year		(13,068)	(12,620)	(5,347)	(4,415)
Represented by:					
Endowment comprehensive income for the year		345	345	1,368	1,368
Restricted comprehensive income/(expenditure) for the year		8	8	(1)	(1)
Unrestricted comprehensive expenditure for the year		(13,421)	(12,973)	(6,714)	(5,782)
		(13,068)	(12,620)	(5,347)	(4,415)

The notes on pages 33 to 59 form part of the financial statements.

Consolidated and University Statement of Changes in Reserves

Consolidated Statement	Income and expenditure account			Total £'000
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	
Balance at 1 August 2014	1,496	790	169,228	171,514
Deficit from the income and expenditure statement	-	-	(7,305)	(7,305)
Other comprehensive income	-	-	1,958	1,958
Release of restricted funds spent in year	1,368	(1)	(1,367)	-
Total comprehensive income and expenditure for the year	1,368	(1)	(6,714)	(5,347)
Balance at 1 August 2015	2,864	789	162,514	166,167
Deficit from the income and expenditure statement	-	-	(3,073)	(3,073)
Other comprehensive expenditure	-	-	(9,995)	(9,995)
Release of restricted funds spent in year	345	8	(353)	-
Total comprehensive income and expenditure for the year	345	8	(13,421)	(13,068)
Balance at 31 July 2016	3,209	797	149,093	153,099
University Statement	Income and expenditure account			
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2014	1,496	790	169,466	171,752
Deficit from the income and expenditure statement	-	-	(6,373)	(6,373)
Other comprehensive income	-	-	1,958	1,958
Release of restricted funds spent in year	1,368	(1)	(1,367)	-
Total comprehensive income and expenditure for the year	1,368	(1)	(5,782)	(4,415)
Balance at 1 August 2015	2,864	789	163,684	167,337
Deficit from the income and expenditure statement	-	-	(2,625)	(2,625)
Other comprehensive expenditure	-	-	(9,995)	(9,995)
Release of restricted funds spent in year	345	8	(353)	-
Total comprehensive income and expenditure for the year	345	8	(12,973)	(12,620)
Balance at 31 July 2016	3,209	797	150,711	154,717

Consolidated and University Balance Sheet

	Note	2016		2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	201,205	201,205	205,409	205,409
Investment in joint venture	12	109	-	105	-
Total Non-current assets		201,314	201,205	205,514	205,409
Current assets					
Stock	13	679	679	765	765
Trade and other receivables	14	13,463	13,598	12,350	11,667
Investments	15	20,663	20,663	631	631
Cash and cash equivalents	21	38,166	38,030	30,577	30,476
		72,971	72,970	44,323	43,539
Less: Creditors: amounts falling due within one year	16	(23,749)	(23,742)	(27,068)	(26,290)
Net current assets		49,222	49,228	17,255	17,249
Total assets less current liabilities		250,536	250,433	222,769	222,658
Creditors: amounts falling due after more than one year	17	(69,485)	(69,485)	(39,098)	(39,098)
Provisions					
USS Pension Provision	18	(14,673)	(14,673)	(14,524)	(14,524)
USPS Pension Provision	18	(9,836)	(9,836)	(201)	(201)
Other provisions	18	(1,722)	(1,722)	(1,498)	(1,498)
Joint Venture Loss Provision	12	(1,721)	-	(1,281)	-
Total net assets		153,099	154,717	166,167	167,337
Restricted Reserves					
Income and expenditure reserve - endowment reserve	19	3,209	3,209	2,864	2,864
Income and expenditure reserve - restricted reserve	20	797	797	789	789
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		149,093	150,711	162,514	163,684
Total Reserves		153,099	154,717	166,167	167,337

The financial statements were approved by the University Court on the 12 December 2016 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 and University Cash Flow

	Note	2016 £'000	2015 £'000
Cash flow from operating activities			
Deficit for the year		(3,073)	(7,305)
Adjustment for non-cash items			
Depreciation	11	10,412	8,561
Net (charge)/return on pension scheme less contributions		(360)	133
Decrease/(Increase) in stock	13	86	(2)
(Increase) in debtors	14	(1,113)	(3,950)
(Decrease)/Increase in creditors	16 - 17	(5,704)	3,468
Increase in pension provision	18	149	5,425
Decrease)/Increase in other provisions	18	224	220
Share of operating (surplus)/deficit in joint venture	12	436	932
Increase in Fair Value of Derivative	8	-	2,378
Adjustment for investing or financing activities			
Investment income	5	(285)	(252)
Interest payable	8	1,483	843
Endowment income	6	(500)	(1,556)
Capital grant income	1	(710)	(1,676)
Realised loss on settlement of derivative	8	1,817	-
Net cash inflow from operating activities		2,863	7,220
Cash flows from investing activities			
Proceeds from sales of fixed assets	11	159	-
Capital grants receipts	1	710	1,676
Investment income	5	285	252
Payments made to acquire fixed assets	11	(6,367)	(18,637)
New non-current asset investments	15	(20,032)	(36)
Net cash outflow from investing activities		(25,245)	(16,745)
Cash flows from financing activities			
Interest paid	8	(1,483)	(843)
Endowment cash received	6	500	1,556
New unsecured loans	17	50,000	13,314
Repayments of loans	17	(13,911)	-
Repayments of derivative		(5,134)	-
Increase in Fair Value of Derivative		-	(2,378)
Net cash inflow from financing activities		29,972	11,649
(Decrease)/increase in cash and cash equivalents in the year		7,589	2,124
Cash and cash equivalents at beginning of the year		30,577	28,454
Cash and cash equivalents at end of the year		38,166	30,577

Statement of Accounting Policies

for the year ended 31 July 2016

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of fixed assets and derivative financial instruments.

2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. Intra-group transactions are eliminated on consolidation.

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

Provisions

Provisions are made for certain liabilities where there is a degree of uncertainty as to the carrying amount and / or the timing of settlement. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of cash flows and discount rates used to establish net present value of the obligations, if any, require management's judgement.

Defined benefit pension scheme

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation into the balance sheet.

Debtors

Debtor recoverability is considered throughout the year and appropriate provisions set aside in the financial statements when required.

Critical judgements in applying accounting policies

There have been no critical judgements, apart from those concerning Court's judgements on the going concern basis of the accounts.

4. Income recognition

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

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

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

Grant funding

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds. Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or restriction applied to the individual endowment fund.

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

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

Capital grants

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

5. Accounting for retirement benefits

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

The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

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

6. Employment benefits

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

7. Operating leases

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

8. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction.

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

9. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets i.e. land and buildings were revalued to fair value on the 31st July 2014 which was the date of transition to the 2015 FE HE SORP. Following this one-off revaluation these assets are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are measured using the cost model. Under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the items replaced is written-out and charged to operating expenses.

Properties in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees and borrowing costs which the University has chosen to capitalise where the costs are directly attributable to the acquisition, construction or production of an asset in accordance with Section 25 of FRS102.

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

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

No depreciation is charged on assets in the course of construction or on assets held for sale. At each reporting period end, the University checks whether there is any indication that any of its Land and Building assets have

suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

Equipment

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

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

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

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

Borrowing costs

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

10. Investments

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

11. Stock

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

12. Cash and cash equivalents

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

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

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

14. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations.

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

15. Taxation

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

It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

16. Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

17. Reserves

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

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

18. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to FRS102 has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in notes 30 to 32.

FRS102 allowed the University, as a first time adopter, to measure tangible fixed assets at their Fair Value on the date of transition and use that Fair Value as its deemed cost.

Notes to the Accounts

	Note	2016		2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
1. Scottish Funding Council Grants					
General Fund - Teaching		31,224	31,224	30,028	30,028
General Fund - Research and Knowledge Exchange		7,631	7,631	7,497	7,497
Strategic Funding		2,670	2,670	1,783	1,783
Capital Maintenance Grant		710	710	1,676	1,676
		42,235	42,235	40,984	40,984
2. Tuition Fees and Education Contracts					
Scotland and EU Fees		14,036	14,036	13,380	13,380
RUK (new fee rates)		5,855	5,855	4,074	4,074
Non EU Fees		10,004	10,004	10,176	10,176
Non Credit Bearing Course Fees		308	308	247	247
Other Contracts		654	654	528	528
		30,857	30,857	28,405	28,405
3. Research grants and contracts					
Research councils		3,553	3,553	3,112	3,112
Research charities		1,199	1,199	1,102	1,102
Government (UK and overseas)		3,989	3,989	4,621	4,621
Industry and commerce		413	413	409	409
European Commission		1,260	1,260	1,081	1,081
Other Overseas		991	991	989	989
Other		87	87	215	215
		11,492	11,492	11,529	11,529
4. Other income					
Consultancy and other services rendered		2,715	2,715	2,554	2,554
Commercial Services		6,025	6,025	6,182	6,182
Accommodation Services		11,865	11,865	11,048	11,048
Aquaculture External Facilities		927	927	841	841
Sport Development Services		2,064	2,064	2,060	2,060
Other capital grants		188	188	25	25
Other income		4,037	4,037	3,880	3,880
		27,821	27,821	26,590	26,590
5. Investment income					
Investment income on endowments	19	22	22	9	9
Investment income on restricted reserves	20	-	-	2	2
Other investment income		263	263	241	241
		285	285	252	252
6. Donations and endowments					
New endowments	19	500	500	1,556	1,556
Donations with restrictions	20	16	16	15	15
Unrestricted donations		48	48	10	10
		564	564	1,581	1,581

Notes to the Accounts (continued)

Note	2015-16		2014-15	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7. Staff costs				
Staff Costs :				
Salaries	54,124	54,124	51,927	51,927
Social security costs	4,394	4,394	3,992	3,992
Movement on USS provision	18 (99)	(99)	5,207	5,207
Other pension costs	7,865	7,865	7,561	7,561
USPSCS Pension Settlement Costs	-	-	1,066	1,066
Total	66,284	66,284	69,753	69,753

	2015-16 No.	2014-15 No.
Average staff numbers by major category :		
Academic Schools	606	608
Academic Services	102	108
Administration and Central Services	222	232
Premises	142	141
Research Grants and Contracts	142	130
Catering and residence	102	96
Other	94	94
Total	1,410	1,409

	2015-16 £'000	2014-15 £'000
Emoluments of the Principal and Vice-Chancellor:		
Salary	267	261
Benefits	1	1
Pension contributions to USS	2	-
Total	270	262

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

	All Staff		Senior Executive Team		Head of Faculty and Service Directors	
	2015-16 Number	2014-15 Number	2015-16 Number	2014-15 Number	2015-16 Number	2014-15 Number
£100,000 to £109,999	7	6	-	1	3	3
£110,000 to £119,999	4	2	2	1	1	1
£120,000 to £129,999	1	1	-	-	1	1
£130,000 to £139,999	-	-	1	-	-	-
£140,000 to £149,999	1	1	-	1	-	-
£150,000 to £199,999	2	1	2	1	-	-
£200,000 to £269,999	1	1	1	1	-	-
Total	16	12	6	5	5	5

Compensation for loss of office payable to a higher paid member of staff:

	2015-16 £'000	2014-15 £'000
Compensation payable recorded within staff costs	-	142

Notes to the Accounts (continued)

Key management personnel compensation

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

1. Principal and Vice Chancellor;
2. University Secretary and Chief Operating Officer;
3. Senior Deputy Principal (Education and Students);
4. Deputy Principal (Operational Strategy and External Affairs)
5. Deputy Principal (Research);
6. Deputy Principal (Internationalisation and Graduate Studies);
7. Deputy Secretary;
8. Director of Finance.

Key management personnel compensation

Salary, pension and other emoluments

2016	2015
£'000	£'000
1,120	1,089

Court Members

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

Organisation	Individual Board Member	2015-16				2014-15			
		Income	Expenditure	Debtor	Creditor	Income	Expenditure	Debtor	Creditor
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Active Stirling Trust	Michael Robbins	12	1	-	-	-	-	-	-
Brodies LLP	Lynne Marr	-	-	-	-	-	-	-	-
Carnegie Trust	Francis Gerard McCormac	3	2	-	-	-	-	-	-
Commonwealth Games Scotland	Leigh Robinson	10	1	-	-	-	-	-	-
MacRobert Centre	Andrew Kinnell	6	152	4	-	-	36	-	-
Sports Scotland	Leigh Robinson	195	4	1	-	-	-	-	-
Stirling District Tourism Ltd	Michael Robbins	1	-	-	-	-	-	-	-
University of Stirling Students' Union	Andrew Kinnell	46	582	6	-	54	178	14	-
Total		273	742	11	-	54	214	14	-

There were no expenses paid to or on behalf of court members in 2015-16 or 2014-15

Notes to the Accounts (continued)

	Note	2016		2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
8. Interest and other finance costs					
Loan interest		1,482	1,482	843	843
Unwinding of USS pension provision	18	248	248	218	218
Increase in fair value of derivative liability		-	-	2,378	2,378
Net charge on pension scheme		1	1	49	49
Realised loss on settlement of derivative		1,817	1,817	-	-
		3,548	3,548	3,488	3,488
9. Analysis of total expenditure by activity					
Academic Schools		42,249	42,237	43,091	43,091
Academic Services		8,658	8,658	8,481	8,481
Administration and central services		16,146	16,146	16,551	16,551
Premises (including service concession cost)		12,340	12,340	12,791	12,791
Research grants and contracts		9,116	9,116	9,444	9,444
Consultancy and other services rendered		1,713	1,713	1,719	1,719
Commercial Services		5,222	5,222	5,291	5,291
Accommodation Services		11,112	11,112	10,081	10,081
Aquaculture External Facilities		1,521	1,521	924	924
Sports Development Services		2,655	2,655	2,720	2,720
Early Retirement & Severance		443	443	581	581
Other expenses		4,603	4,603	3,923	3,923
		115,778	115,766	115,597	115,597
Other operating expenses include:					
External auditors remuneration in respect of audit services		50	50	40	40
External auditors remuneration in respect of non-audit services		31	31	36	36
Internal auditors remuneration		68	68	83	83
Operating lease rentals:-					
Land and buildings		1,483	1,483	1,336	1,336
10. Taxation					
Recognised in the statement of comprehensive income					
Current tax expense		113	113	124	124

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

Notes to the Accounts (continued)

11. Fixed Assets Consolidated and university

	Freehold Land and Buildings	Leasehold Land and Buildings	Assets in the Fixtures, Fittings and Equipment	Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost and valuation					
At 1 August 2015	190,859	446	24,638	14,311	230,254
Additions	4,051	-	1,410	906	6,367
Transfers	12,584	-	15	(12,599)	-
Disposals	-	-	(488)	(159)	(647)
At 31 July 2016	207,494	446	25,575	2,459	235,974
Depreciation					
At 1 August 2015	6,453	17	18,375	-	24,845
Charge for the year	7,485	17	2,033	877	10,412
Disposals	-	-	(488)	-	(488)
At 31 July 2016	13,938	34	19,920	877	34,769
Net book value					
At 31 July 2016	193,556	412	5,655	1,582	201,205
At 31 July 2015	184,406	429	6,263	14,311	205,409

A revaluation of the University's land and buildings was undertaken for the purposes of the conversion to FRS102. The external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors, was asked to revalue the properties at the balance sheet date of 31st July 2014.

Prior to the revaluation of land and buildings at the 31st July 2014, the net book value of property assets had been £100.463million. The properties were revalued upwards by £100.182million which therefore resulted in a net book value of £200.645 million. In accordance with the University of Stirling's accounting policies, the fixed assets of the University will be held at this value under the historic cost model as allowed under the Statement of Recommended Practice (SORP). Since 31st July 2014 there have been no significant events that would indicate that the value of the land and buildings has altered significantly.

Freehold Land and Buildings

Freehold Land and Buildings contains £9.507 million of freehold land (2014-15: £9.507 million) which is not depreciated.

Assets under construction

Assets under construction at the 31st July 2016 include the new academic building for INTO (£0.464 million) and strategic space moves to co-locate academic faculties (£0.151 million).

Software

Software with a net book value of £0.681 million is included within equipment.

Heritage Assets

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

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

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

Notes to the Accounts (continued)

12. Investment in Joint Venture

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

SUIP	2016		2015	
	£'000	£'000	£'000	£'000
Income and expenditure account				
Income		453		450
Surplus before tax		4		7
Balance sheet				
Fixed assets	322		340	
Current assets	17		45	
		<u>339</u>		<u>385</u>
Creditors: amounts due within one year	(68)		(83)	
Creditors: amounts due after more than one year	(162)		(197)	
		<u>(230)</u>		<u>(280)</u>
Share of net assets		109		105

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

Notes to the Accounts (continued)

12. Investment in Joint Venture (continued)

INTO	2016		2015	
	£'000	£'000	£'000	£'000
Income and expenditure account				
Income		1,947		1,172
Deficit before tax		(440)		(939)
Balance sheet				
Fixed assets	264		258	
Current assets	1,000		961	
		<u>1,264</u>		<u>1,219</u>
Creditors: amounts due within one year	(2,485)		(2,500)	
Creditors: amounts due after more than one year	(500)		-	
		<u>(2,985)</u>		<u>(2,500)</u>
Share of net assets		(1,721)		(1,281)

The university participates in 585 (2014-15: 587) joint research contracts with other organisations. Income from such arrangements during 2015-16 amounted to £10.9 million (2014-15: £10.9 million)

13. Stock

	2016		2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General consumables	679	679	765	765
	<u>679</u>	<u>679</u>	<u>765</u>	<u>765</u>

14. Trade and other receivables

	2016		2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due <u>within</u> one year:				
Research grants receivables	482	482	-	-
Other trade receivables	6,013	6,013	5,260	5,260
Prepayments and accrued income	6,386	6,521	6,940	6,257
	<u>12,881</u>	<u>13,016</u>	<u>12,200</u>	<u>11,517</u>
Amounts falling due <u>after</u> more than one year				
Other receivables	582	582	150	150
	<u>582</u>	<u>582</u>	<u>150</u>	<u>150</u>

Notes to the Accounts (continued)

15. Investments

	2016		2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment in shares	481	481	470	470
Bonds	142	142	135	135
Deposits	20,040	20,040	26	26
	20,663	20,663	631	631

16. Creditors: amounts falling due within one year

	2016		2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured loans	223	223	1,152	1,152
Trade payables	6,401	6,183	8,087	8,087
Social security and other taxation payable	1,794	1,794	1,647	1,647
Accruals and deferred income	15,331	15,542	16,182	15,404
	23,749	23,742	27,068	26,290

Deferred income

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

	2016		2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research grants received on account	4,422	4,422	4,332	4,332
Grant income	183	183	657	657
Other income	2,340	2,340	3,298	3,298
	6,945	6,945	8,287	8,287

Notes to the Accounts (continued)

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

	2016		2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Derivatives	-	-	3,314	3,314
Unsecured loans	69,485	69,485	35,784	35,784
	69,485	69,485	39,098	39,098
Analysis of secured and unsecured loans:				
Due within one year	223	223	1,152	1,152
Due between one and two years	888	888	1,204	1,204
Due between two and five years	2,808	2,808	3,936	3,936
Due in five years or more	65,789	65,789	30,644	30,644
Due after more than one year	69,485	69,485	35,784	35,784
Total secured and unsecured loans	69,708	69,708	36,936	36,936
Lender	Amount	Term	Interest rate	Borrower
	£'000		%	
Lloyds TSB	10,000	2027	0.19 above base rate	University
Barclays	10,000	2027	0.18 above LIBOR	University
Private Placement	9,942	2033	3.65	University
Private Placement	19,883	2036	3.77	University
Private Placement	19,883	2048	3.96	University
Total	69,708			

During the year the University issued £50million of Senior Unsecured Notes the proceeds of which have been used to refinance the University's existing indebtedness of £38 million in totality and to repay the breakage costs arising from the early termination of the swap contracts associated with those loans. Additionally, proceeds will be used to finance the development of an academic building to service its Joint Venture with INTO.

£20 million of Revolving Credit Facilities remain fully drawn and held on deposit.

Notes to the Accounts (continued)

18. Provisions for liabilities

Consolidated and University

	Obligation to fund deficit on USS Pension Scheme	Obligation to fund pension liability (Note 29)	Other Provisions	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	14,524	201	1,498	16,223
Utilised in year	-	(440)	(929)	(1,369)
Additions in 2015-16	-	10,075	1,487	11,562
Unused amounts reversed in 2015-16	(99)	-	(334)	(433)
Unwinding of discount amount	248	-	-	248
At 31 July 2016	14,673	9,836	1,722	26,231

University Superannuation Scheme pension deficit (USS Pension)

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

University and College Union (UCU) provision

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.

Notes to the Accounts (continued)

19. Endowment Reserves

Consolidated and University

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2015				
Capital	65	2,743	2,808	1,344
Accumulated income	56	-	56	152
	121	2,743	2,864	1,496
New endowments	-	500	500	1,556
Investment income	1	21	22	9
Expenditure	-	(177)	(177)	(204)
(Decrease) / increase in market value of investments	-	-	-	7
Total endowment comprehensive income for the year	1	344	345	1,368
At 31 July 2016	122	3,087	3,209	2,864
Represented by:				
Capital	65	3,087	3,152	2,808
Accumulated income	57	-	57	56
	122	3,087	3,209	2,864
Analysis by asset				
Fixed assets			-	-
Current and non-current asset investments			165	165
Cash & cash equivalents			3,044	2,699
			3,209	2,864

Notes to the Accounts (continued)

20. Restricted Reserve

Consolidated and University

Reserves with restrictions are as follows:

	Donations Investment Funds £'000	Research £'000	Total £'000	Total £'000
Balances at 1 August 2015	336	453	789	790
New donations	16	-	16	15
Investment income	-	-	-	1
Expenditure	(8)	-	(8)	(17)
Total restricted comprehensive income for the year	8	-	8	(1)
At 31 July 2016	344	453	797	789

Analysis of other restricted donations by type of purpose:	2016 Total £'000	2015 Total £'000
General	344	336
	344	336

21. Cash and cash equivalents

	As At August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
Consolidated			
Cash and cash equivalents	30,577	7,589	38,166
	30,577	7,589	38,166

Notes to the Accounts (continued)

22. Financial Instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £'000	2015 £'000
Assets measured at fair value through profit or loss	165	184
Assets measured at cost less impairment	71,669	42,953
Liabilities measured at fair value through profit or loss	-	-
Liabilities measured at amortised cost	(23,526)	(25,916)
Loan commitments measured at cost less impairment	(69,708)	(36,936)

Financial instruments measured at fair value

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair Value 2016 £'000	Fair Value 2015 £'000
Investments in debt and equity securities	458	421
Derivative financial instruments	-	3,314

Risk Management

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

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

Credit Risk

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

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2016, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

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

Notes to the Accounts (continued)

Liquidity Risk

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

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

Foreign currency risk

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

Interest rate risk

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

The University's has loans totalling £69.708m. The interest rate attached to the private placements are fixed over the term of each loan. The revolving credit facility borrowings term ends in 2027 with a rate of 0.19% above base rate or 0.18% above LIBOR. Due to the low interest rate environment such loans have limited risk.

23. Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	31 July 2016		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	6,122	6,122	3,687	3,687
	6,122	6,122	3,687	3,687

Notes to the Accounts (continued)

24. 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 2016 is £0.294 million.

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.

25. Lease obligations

Total rentals payable under operating leases:

	2016	2015
	Land and Buildings	Land and Buildings
	£'000	£'000
Payable during the year	1,483	1,336
Future minimum lease payments due:		
Not later than 1 year	1,533	1,477
Later than 1 year and not later than 5 years	4,331	4,733
Later than 5 years	3,183	4,258
Total lease payments due	9,047	10,468

Notes to the Accounts (continued)

26. Related Party Transactions

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

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

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

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

	Income £'000	Expenditure £'000	2016		Income £'000	Expenditure £'000	2015	
			Debtor £'000	Creditor £'000			Debtor £'000	Creditor £'000
Pension Providers								
University of Stirling Pension Scheme (USPS)	-	800	-	-	-	800	-	-
University Companies/ Collaborations								
Stirling University Innovation Park	17	134	4	-	98	355	11	-
Senior Management								
Association of Research Manager and Administrators	-	7	-	-	-	-	-	-
	17	941	4	-	98	1,155	11	-

27 Subsidiary Undertakings

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

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

The 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 100% of the issued share capital of ordinary shares of UoS Education Ltd. The principal activity of the company during the year was to be a member of and provide a revolving loan facility to INTO Stirling LLP. The University consolidates UoS Education Ltd but all the transactions in year between the University and UoS Education Ltd eliminated on consolidation.

Notes to the Accounts (continued)

28. HE Support Funds

	2015-16			2014-15	
	Childcare	Undergraduate Discretionary	Postgraduate Discretionary	Total	Total
	£'000	£'000	£'000	£'000	£'000
Balance b/fwd	-	-	-	-	-
Allocation received in year	(234)	(409)	(89)	(732)	(721)
Expenditure	166	472	100	738	722
Repaid as clawback	-	-	-	-	-
Bank Interest	-	-	(1)	(1)	(1)
Virements between funds	68	(58)	(10)	-	-
Previous Year loans repaid in academic year	-	(5)	-	(5)	-
Contribution to funds	-	-	-	-	-
Balance c/fwd	-	-	-	-	-

Notes to the Accounts (continued)

29. Pension Schemes

The University participates in two pension schemes: the Universities Superannuation Scheme (USS) and the University of Stirling Pension Scheme (USPS). They are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

	2016 £'000	2015 £'000
USS: contributions paid	8,226	7,736
USPS:	800	800
Total Pension Costs (note 7 and 9)	9,026	8,536

The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 USS, the USS 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 USS on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the USS 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

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

	2016	2015
Discount rate	1.71%	2.96%
Pensionable Payroll growth	1.22%	2.35%

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

Assumption	Change in assumption	Impact on liability
Discount Rate	Decrease by 0.5%	Increase by £0.574 million
Pensionable Payroll growth	Increase by 0.5%	Increase by £0.574 million

Notes to the Accounts (continued)

29. Pension Schemes (continued)

The total cost charged to the profit and loss account is £8.376 million (2015: £13.161 million) as shown in notes 7 and 29.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (“the valuation date”), which was carried out using the projected unit method.

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

The 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.

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

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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	98% of S1NA [“light”] YoB tables – No age rating
Female members’ mortality	99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7
	2016	2015
Scheme assets	£49.8 billion	£49.1 billion
Total scheme liabilities	£58.3 billion	£60.2 billion
FRS 102 total scheme deficit	£8.5 billion	£11.1 billion
FRS 102 total funding level	85%	82%

Notes to the Accounts (continued)

29. Pension Schemes (continued)

University of Stirling Pension Scheme

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

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

A formal actuarial funding valuation was carried out as at 31 July 2015. Following the actuarial valuation, the University agreed to continue making contributions to the USPS at the rate of £800,000 per annum.

The results of the 31 July 2015 valuation have been projected to 31 July 2016 with allowance for cash flows over the period and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

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

	2016 £'000	2015 £'000
Defined benefit obligation	(86,424)	(73,129)
Fair value of plan assets	76,588	72,928
Net defined benefit (liability)/asset	(9,836)	(201)
Net amount recognised at year end (before any adjustment for deferred tax)	(9,836)	(201)

The amounts recognised in comprehensive income:

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

	2016 £'000	2015 £'000
Service cost:		
Current service cost (net of employee contributions)	222	254
Administration expenses	217	-
Loss/(gain) on plan introductions, changes, curtailments and settlements	-	1,066
Net interest expense/(credit)	1	49
Charge/(credit) recognised in profit or loss	440	1,369
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	(3,098)	(7,990)
Actuarial (gains)/losses	13,093	6,032
Charge/(credit) recorded in other comprehensive income	9,995	(1,958)
Total defined benefit cost/(credit)	10,435	(589)

Notes to the Accounts (continued)

The principal actuarial assumptions used:

	2016	2015
Liability discount rate	2.55%	3.65%
Inflation assumption - RPI	2.90%	3.35%
Inflation assumption - CPI	1.90%	2.35%
Rate of increase in salaries	1.90%	2.35%

Revaluation of deferred pensions:

- in line with CPI inflation capped at 5% p.a.	1.90%	2.35%
- in line with CPI inflation capped at 2.5% p.a.	1.90%	2.35%

Increases for pensions in payment:

- in line with CPI inflation capped at 3% p.a.	1.75%	2.05%
- in line with RPI inflation capped at 5% p.a.	2.85%	3.25%
- in line with RPI inflation capped at 2.5% p.a.	2.10%	2.25%

Proportion of employees commuting pension for cash	100%	100%
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Expected age at death of current pensioner at age 65:

Male aged 65 at year end:	86.1	86.1
Female aged 65 at year end:	88.1	88.4

Expected age at death of future pensioner at age 65:

Male aged 45 at year end:	87.7	87.8
Female aged 45 at year end:	89.9	90.3

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At start of period	72,928	(73,129)	(201)
Benefits paid	(2,645)	2,645	-
Administration expenses	(217)	-	(217)
Current service cost	-	(222)	(222)
Contributions from the employer	800	-	800
Interest income / (expense)	2,624	(2,625)	(1)
Return on assets (excluding amount included in net interest expense)	3,098	-	3,098
Actuarial losses	-	(13,093)	(13,093)
At end of period	76,588	(86,424)	(9,836)

Notes to the Accounts (continued)

29. Pension Schemes (continued)

The return on plan assets:

	2016 £'000	2015 £'000
Interest income	2,624	2,648
Return on plan assets (excluding amount included in net interest expense)	3,098	8,030
Total return on plan assets	5,722	10,678

The major categories of scheme assets are as follows:

	2016 £'000	2015 £'000
Return Seeking	55,578	50,035
Bonds / LDI	13,627	15,647
Property	7,217	7,070
Other Cash	166	176
Total market value of assets	76,588	72,928

Notes to the Accounts (continued)

30. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position and financial performance is set out in the following.

Financial position	01-Aug-14		31-Jul-15	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total reserves under 2007 SORP	80,866	81,216	84,542	85,817
Revaluation of fixed assets	100,182	100,182	98,682	98,682
Capital grant release	2,027	2,027	2,027	2,027
USS pension provision	(9,099)	(9,099)	(14,524)	(14,524)
Recognition of derivative	(936)	(936)	(3,314)	(3,314)
Employee leave accrual	(1,637)	(1,637)	(1,351)	(1,351)
Investment in SUIP Joint Venture	111	-	105	-
Total effect of transition to FRS 102	90,648	90,537	81,625	81,520
Total reserves under 2015 SORP	171,514	171,753	166,167	167,337

Financial position	Year ended 31 July 2015	
	Consolidated £'000	University £'000
Surplus for the year under 2007 SORP	2,021	2,960
Amounts previously classified in Statement of Recognised Gains and Losses		
Capital grant	(677)	(677)
Increase in USS pension provision	(5,425)	(5,425)
Decrease in Employee leave accrual	287	287
Endowments	10	10
Increase in fair value of derivative	(2,378)	(2,378)
Increased depreciation following revaluation	(1,500)	(1,500)
Share of income from SUIP now disclosed as Joint Venture	7	-
Total effect of transition to FRS 102	(7,368)	(7,375)
Total comprehensive income for the year under 2015 SORP	(5,347)	(4,415)

Notes to the Accounts (continued)

31. Transition to FRS102 and the 2015 SORP Consolidated (continued)

	Note	01-Aug-14			31-Jul-15		
		2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to SORP	
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Fixed Assets	1	95,151	100,182	195,333	106,727	98,682	205,409
Investments	2	404	(404)	-	432	(432)	-
Investment in joint venture	3	(357)	468	111	(1,281)	1,386	105
Total Non-current assets		95,198	100,246	195,444	105,878	99,636	205,514
Endowment assets	4,5	1,834	(1,834)	-	3,197	(3,197)	-
Current assets							
Stock		763	-	763	765	-	765
Trade and other receivables	6	8,400	-	8,400	11,382	968	12,350
Investments	7	-	595	595	-	631	631
Cash and cash equivalents	8	26,810	1,644	28,454	27,579	2,998	30,577
		35,973	2,239	38,212	39,726	4,597	44,323
Less: Creditors: amounts falling due within one year	9	(25,213)	389	(24,824)	(26,776)	(292)	(27,068)
Net current (liabilities)/assets		10,760	2,628	13,388	12,950	4,305	17,255
Total assets less current liabilities		107,792	101,040	208,832	122,025	100,744	222,769
Creditors: amounts falling due after more than one year	10	(23,622)	(936)	(24,558)	(35,784)	(3,314)	(39,098)
Provisions							
Provisions for liabilities		(1,278)	-	(1,278)	(1,498)	-	(1,498)
USS Pension Provision	11	-	(9,099)	(9,099)	-	(14,524)	(14,524)
USPS Pension provision		(2,026)	-	(2,026)	(201)	-	(201)
Joint Venture Loss Provision	12	-	(357)	(357)	-	(1,281)	(1,281)
Total net assets		80,866	90,648	171,514	84,542	81,625	166,167
Deferred capital grants	13	31,578	(31,578)	-	30,909	(30,909)	-
Restricted Reserves							
Income and expenditure reserve - endowment reserve	14	1,835	(338)	1,497	3,197	(333)	2,864
Income and expenditure reserve - restricted reserve	15	-	790	790	-	789	789
Unrestricted Reserves							
Income and expenditure reserve - unrestricted	16	47,453	121,774	169,227	50,436	112,078	162,514
Total Reserves		80,866	90,648	171,514	84,542	81,625	166,167

Notes to the Accounts (continued)

	01 August 2014	31 July 2015
	£'000	£'000
<i>Notes to the reconciliation of reserves</i>		
1 Revaluation of Land and Buildings	100,182	100,182
1 Increased depreciation resulting from upward revaluation of land and buildings	-	(1,500)
2 Reclassification of investments as current asset investments	(404)	(432)
3 Inclusion of Stirling University Innovation Park as a Joint Venture	111	105
4 Investments previously classified within endowment assets now classified as investments	190	199
5 Cash previously classified within endowment assets now classified as cash	1,644	2,998
6 Research grant reclassification due to analysis of grants being based on balance of individual grant rather than funder	-	968
7 Investments reclassified as current asset investments	404	432
7 Investments previously classified within endowment assets now classified as investments	191	199
8 Cash previously classified within endowment assets now classified as cash	1,644	2,998
9 Recognition of an annual leave accrual	(1,638)	(1,351)
9 Research grant reclassification due to analysis of grants being based on balance of individual grant rather than funder	-	(968)
9 Deferred capital grant release	2,027	2,027
10 Recognition of swap derivative liability	936	(3,314)
11 Recognition of share of USS pension deficit liability	(9,099)	(14,524)
12 Joint Venture Loss Provision	(357)	(1,281)
13 Transfer of deferred capital grant reserves to unrestricted reserves	(31,578)	(30,909)
14 Items previously classified within endowment assets reserve held within restricted reserve or unrestricted reserves	(338)	(333)
15 Restricted Income and Expenditure reserve created for donations previously classified as endowments and Research Investment Funds previously held in General Reserve	790	789
16 Unrestricted Income and Expenditure holding capital grants, USS pension reserve, Fixed Asset revaluation and movements to I&E caused by FRS102	121,774	112,078

Notes to the Accounts (continued)

32. Transition to FRS102 and the 2015 SORP Consolidated

	Note	2007 SORP £'000	Reclassification of 2014-15 I&E £'000	2007 SORP (adjusted) £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Income							
Funding body grants	1	41,280	-	41,280	-	(296)	40,984
Tuition fees and education contracts	2	28,997	(592)	28,405	-	-	28,405
Research grants and contracts		11,529	-	11,529	-	-	11,529
Other income	3	28,147	-	28,147	-	(1,557)	26,590
Endowment and investment income	4	1,430	-	1,430	-	(1,430)	0
Investment income	5	-	-	-	-	252	252
Total income before donations and endowments		111,383	(592)	110,791	-	(3,031)	107,760
Donations and endowments	6	-	-	-	1,571	10	1,581
Total income		111,383	(592)	110,791	1,571	(3,021)	109,341
Less: Share of income from joint ventures	7	(1,172)	-	(1,172)	-	1,172	-
Net income		110,211	(592)	109,619	1,571	(1,849)	109,341
Expenditure							
Staff costs	8	64,910	(77)	64,833	-	4,920	69,753
Other operating expenses	9	34,310	(515)	33,795	-	-	33,795
Depreciation	10	7,061	-	7,061	-	1,500	8,561
Interest and other finance costs	11	843	-	843	-	2,645	3,488
Total expenditure		107,124	(592)	106,532	-	9,065	115,597
Gain on investments		-	-	-	7	-	7
Share of operating surplus/(deficit) in joint venture	12	(924)	(15)	(939)	-	7	(932)
Surplus/(deficit) before tax		2,163	(15)	2,148	1,578	(10,907)	(7,181)
Taxation		(124)	-	(124)	-	-	(124)
Surplus for the year		2,039	(15)	2,024	1,578	(10,907)	(7,305)
Net charge on USPS Pension Scheme	13	-	-	-	730	1,228	1,958
Transfer to/(from) accumulated income within endowment funds		213	-	213	-	(213)	-
Total comprehensive income for the year		2,252	(15)	2,237	2,308	(9,892)	(5,347)

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the statement of Comprehensive Income (SoCI).

Notes to the Accounts (continued)

<i>Notes to the reconciliation of surplus/(deficit)</i>	£'000
1 Capital grant transferred to reserves as a result of no performance conditions	(1,973)
1 New capital grant (SFC)	1,677
3 Deferred capital grant released as a result of no performance conditions and removal of income from joint venture	(1,582)
3 Deferred capital grant release	25
4 Net return on pension assets and other investment income reclassified	(1,179)
4 Investment income moved from endowment and investment income	(252)
5 Endowment and investment income moved to investment income	252
6 Endowment interest	10
7 Remove share of joint venture's income	1,172
8 Decrease in annual leave accrual	(287)
8 USS pension increase	5,207
10 Extra depreciation following revaluation	1,500
11 USS pension unwinding of provision	218
11 Derivative SWAP increase in liability	2,378
11 Net charge on USPS pension scheme	1,228
11 Reclassify net return on pension assets	(1,179)
12 Reduction in joint venture surplus following inclusion of SUIP as joint venture	7
13 Net charge on USPS pension scheme	1,228

Notes to the reconciliation to explain Non FRS102 reclassifications

2 Reclassification of fee waiver expenditure to income	592
8 Reclassification of staffing cost recharge from operating expenditure	(77)
9 Reclassification of fee waiver expenditure to income	(592)
9 Reclassification of staffing cost recharge from operating expenditure	77
12 Increase in loss of INTO Joint Venture following final accounts sign off	(13)

The University Court

For the year to 31 July 2016

Ex-Officio Members:

Professor (Francis) Gerard McCormac

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

Professor John Gardner

BSc, MSc, PhD (Belfast), PGCE, FBCS, CITP, CEng, AcSS,
FCIEA - Senior Deputy Principal

Councillor Mike Robbins

MICH, ACMI, ACIEA - Provost of Stirling

Mr Andrew Kinnell to 31 May 2016

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

Ms Lauren Marriott to 31 May 2016

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

Mr David Keenan from 1 June 2016

President of the University of Stirling Students' Union

Ms Jessica Logan from 1 June 2016

BSc (Stirling) - Vice President Communities,
University of Stirling Students' Union

Appointed Members:

Mr Harry Adam

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

Mr Simon Niall Anderson

MA, MSc (Edinburgh) – appointed by the Court

Mr Kevin Condron

BA (Stirling), DipM, DipCIPD – appointed by 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):

Professor Jayne Donaldson

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

Ms Alison Green

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

Mr Scott Haldane

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

Mr Peter Sloan Holmes to 31 May 2016

BA (Oxon) – appointed by the Court

Ms Kate Howie

BSc (Glasgow) – appointed by Academic Council

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

Professor Holger Nehring

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

Professor Leigh Robinson

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

Reverend Maggie Roderick from 1 June 2016

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

Fiona Sandford

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

Mr Andrew Sturgess

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

Notes

Notes



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