

UNIVERSITY of  
STIRLING



# Financial Statements

2019/2020

2019/2020

Be Stirling

BE THE DIFFERENCE

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# Principal's introduction

**The academic year 2019-20 was unprecedented. The University of Stirling – like many others across the higher education sector – experienced significant logistical and financial challenges related to the COVID-19 pandemic. Stirling's position reflects that of other institutions and with major income streams all impacted, it will take several years to recover fully.**

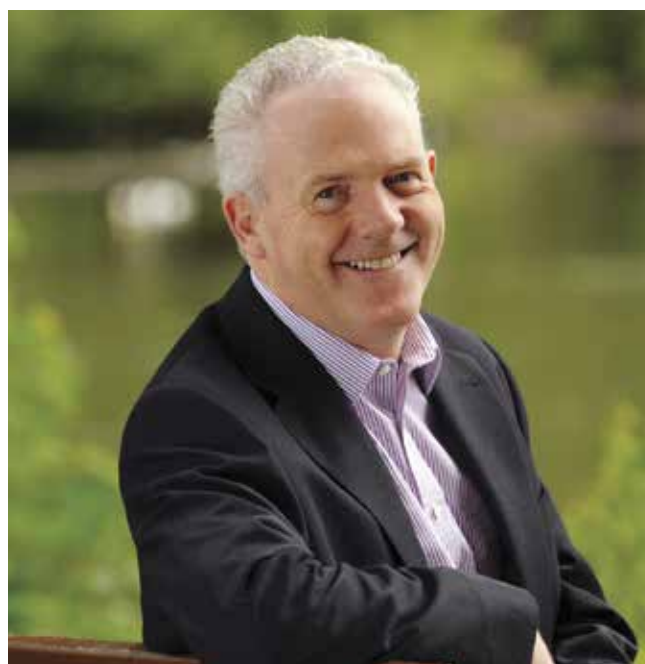
However, the University is working with the UK and Scottish Governments and sector partners to navigate these challenging circumstances, while maintaining progress towards our ambition to be a globally connected centre of learning and teaching. Our most valuable asset at Stirling is our people and I have been incredibly proud of the way in which our staff and students have responded to this difficult situation. Their hard work, resilience and understanding has allowed the University to continue to provide a high standard of teaching, world-leading research and an enjoyable student experience – albeit, in new and innovative ways.

Thanks to the efforts and spirit of our community, I believe that we can emerge stronger from this crisis – and there are many other reasons for optimism too. Over the past 12 months, Stirling has climbed 17 places in the Guardian University Guide – today ranking as the 28th best university in the UK – and in the National Student Survey, placing 18th in the UK for overall student satisfaction. We were bestowed the accolade of UK Sports University of the Year 2020 by The Times and Sunday Times Good University Guide – complementing our long-standing designation as Scotland's University for Sporting Excellence – and also received our second Queen's Anniversary Prize – the UK's highest academic honour – for the pioneering work taking place at our Institute of Aquaculture.

We are embarking upon some of the biggest infrastructure investments since our foundation – with our Sports Centre redevelopment recently opened, and phase one of the Campus Central project completed earlier in the year, with the Atrium refurbishment. The completion of that project is expected during the 2021/22 academic year. The University is also leading the creation of two new research hubs, funded under the Stirling and Clackmannanshire City Region Deal – an Aquaculture Innovation Hub and Scotland's International Environment Centre.

In addition, the value of new research grants and contracts awarded over this financial period has increased to £15.84m, as we continue to tackle some of the biggest global challenges through world-leading, cross-disciplinary studies – including important research into the impact of COVID-19.

We now have an alumni community of almost 96,000 from 170 countries and – while further challenges lie ahead – this number will continue to grow, as our significant redevelopments across campus ensure the University remains one of the UK's most desirable destinations for students for years to come.



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

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

# Strategic Report

## Overview

### Who we are and what we do

The University of Stirling is an outward-looking international university, with a global reputation for providing high-quality education and conducting research that helps to shape and improve society. We are an agent for change and strive to create impact in everything we do. Our aim is to unlock the full potential of the 15,000 students who study across a range of undergraduate and postgraduate programmes each year, and to equip them with the skills to thrive as global citizens in our fast-moving world.

Our vision is to be recognised across the world as a university that addresses the needs of society through innovative interdisciplinary research which is embodied within three major themes: Cultures, Communities and Society; Global Security and Resilience; and Living Well. We are proud that our work continues to have a positive impact on people's health, education and wellbeing. Our reputation for research that makes a difference has positioned us on the frontline of the UK's response to the COVID-19 pandemic, with our researchers leading major projects to consider and respond to the effects of the virus on society.

### Our governance structure overview

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

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

Academic Council is the body responsible for the scholarly (teaching and research) work of the University and for the regulation and superintendence of the education, discipline and welfare of the student body. The University's corporate governance arrangements and a list of the members of the University Court and Committees during the year ended 31 July 2020 can be found on pages 63-64.

### Our structure and students

The majority of operations are carried out at the University's main Stirling campus which is renowned for its naturally

beautiful setting. To support effective delivery of learning, teaching and research activities, the academic structure is organised into five faculties, each of which comprises multiple departments, institutes and centres. In addition, the Institute for Advanced Studies provides a hub for Stirling's thriving research community, promoting interdisciplinary research across the University – from postgraduate research students, post-doctoral and early career researchers, to senior researcher cohorts. Academic activities are supported by integrated professional services.

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

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

| Faculty                              | Headcount 2019/20 |
|--------------------------------------|-------------------|
| Faculty of Arts and Humanities       | 3,930             |
| Faculty of Health Sciences and Sport | 2,862             |
| Faculty of Natural Sciences          | 2,736             |
| Faculty of Social Sciences           | 2,465             |
| Stirling Management School           | 2,496             |
| <b>Grand Total</b>                   | <b>14,489</b>     |

**Table 1** Student headcount by faculty for academic year 2019/20 (all study locations).

The University is a place where everyone is treated with respect and where ability, not background, is valued. As such, recruiting students from a wide range of backgrounds is a priority. In 2019/20, 30.1% of Scottish-domiciled undergraduate entrants came from (MD40) postcodes defined by the Scottish Government as being deprived, and 12.5% of the same entrant group were from the most deprived (MD20) postcode areas – exceeding the 2021 target set by the Commission on Widening Access. Throughout 2019/20, the University continued to develop the internal infrastructures that support broader widening access

ambitions, including the expansion of the portfolio of college articulation routes and contextualised offers for eligible applicants.

The University's Strategic Plan sets out the ambition to increase unregulated student recruitment to support the institutional aim of diversifying income streams. This requires significant growth in undergraduates from the rest of the UK (RUK) and overseas, and postgraduate-taught students. Reflecting this ambition of growth, the final 2019/20 unregulated student population shows a 47% increase against the Strategic Plan baseline position (2014/15). The COVID-19 pandemic presents the very real prospect of significantly reduced international student numbers in 2020/21 and thus work to re-evaluate and re-position our international recruitment agenda has been paramount. To increase unregulated overseas recruitment, we are working with agents from within key regions, as well as integrating new in-country recruitment staff, establishing partnerships with local colleges and universities, and creating country-specific marketing materials. The University also conducted a postgraduate provision portfolio review in 2019, in partnership with an external consultant, to maximise the appeal of our programmes to UK and overseas markets. This has resulted in a refreshed portfolio and a range of new innovative programmes.

### Our strategic priorities

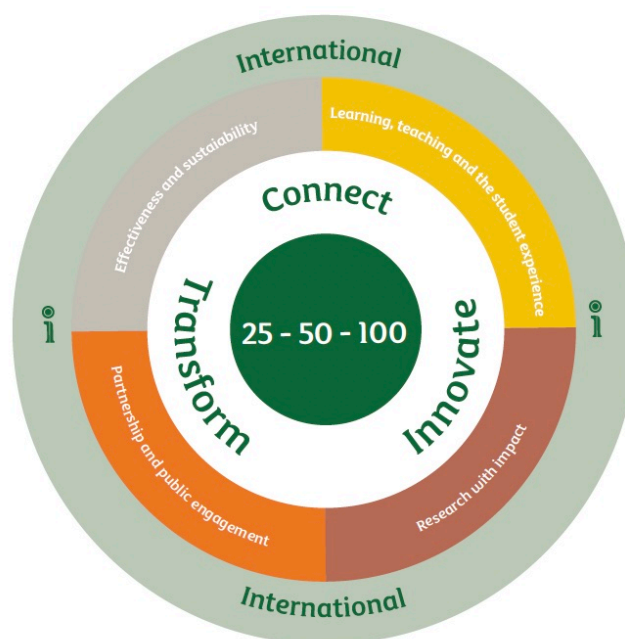
The University's current Strategic Plan 2016-2021 was approved by University Court in December 2015.

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

The plan is ambitious and at its launch we articulated that we were setting our aims high. With the onset of a global pandemic and subsequent lockdown restrictions imposed from March 2020, the 2019/20 academic year was like no other. The University, and the entire higher education sector, was presented with unprecedented operational and financial challenges causing a fundamental rethink of aspects of the institutional delivery model and how to build for the future. However, the key ambitions detailed in our Strategic Plan have not changed and the steps taken in the infancy of the Strategic Plan, such as investment in internationalisation and partnerships, will provide a solid foundation upon which to not only recover from the pandemic but also to develop strongly in the years that follow.

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

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



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

### Strategic Plan Key Performance Indicators (KPIs) and associated 2019/20 Performance

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

Each Strategic Plan indicator is categorised using a RAG status (red, amber, green) to indicate performance. At the end of 2019/20, based on the performance trajectory towards the 2020/21 target, six Strategic Plan indicators were assigned 'green' RAG status, 11 were assigned 'amber' RAG status and 12 were assigned a 'red' RAG status.

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

|   |                      | Baseline | Actual | Actual | Actual | Actual | 2019/20 performance |                 | % change  | Target |
|---|----------------------|----------|--------|--------|--------|--------|---------------------|-----------------|-----------|--------|
|   |                      | 14/15    | 15/16  | 16/17  | 17/18  | 18/19  | 19/20 Actual        | 19/20 Milestone | 2014-2020 | 20/21  |
| Student Satisfaction (overall satisfaction) | NSS                  | 86%      | 89%    | 86%    | 84%    | 83%    | 87%                 | >91%            | 1.2%      | >91%   |
|   | PTES                 | 90%      | 89%    | 87%    | 84%    | 83%    | 78%                 | >91%            | -13.3%    | >91%   |
|   | PRES                 | 85%      | -      | 85%    | 85%    | 78%    | 78%                 | 91%             | -8.2%     | >91%   |
| Teaching Satisfaction                       | NSS                  | 88%      | 88%    | 87%    | 86%    | 84%    | 87%                 | >91%            | -1.1%     | >91%   |
| Assessment and Feedback                     | NSS                  | 69%      | 72%    | 71%    | 71%    | 74%    | 77%                 | >80%            | 11.6%     | >80%   |
| Employability                               | Positive Destination | 95.6%    | 96.8%  | 96.4%  | 97.1%  |        | 95.7%               | >97%            | 0.1%      | >97%   |
|   | Grad-level job       | 77.2%    | 77.9%  | 79.8%  | 79.2%  |        | 77.7%               | 84%             | 0.6%      | 85%    |
| Non Continuation                            | HESA                 | -        | 6.8%   | 7.0%   | 6.8%   | 9.2%   | tbc                 | <5%             | -         | <5%    |
| Entry Tariffs                               | Guardian             | 286      | 389    | 158    | 162    | 162    | 172                 | 162             | -         | 167    |
| Student : Staff Ratio                       | SSR (CUG)            | 14.9     | 15.0   | 15.8   | 15.5   | 16.4   | 16.2                | 13.8            | -8.7%     | 13.5:1 |

### Ambition

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

### Performance

Outputs from the National Student Survey (NSS) improved significantly in 2020, with Overall Satisfaction increasing from 82.9% to 86.8%, higher than both the Scottish and UK sector averages (85.1% and 82.7% respectively). Increases across all eight NSS themes were achieved, which supported improvements in league table positioning, as demonstrated by the University placing 28th in the latest Guardian University Guide – an improvement of 17 places.

In contrast, Overall Satisfaction scores for both the Postgraduate Taught Experience Survey (PTES) and the Postgraduate Research Experience Survey (PRES) were below performance expectations at 78% satisfaction for each survey. Contextually, and in line with much of the sector, the University ceased all promotional activities for PTES and PRES at the time of the COVID-imposed lockdown. As a result, response rates for the two postgraduate surveys (<15%) were significantly below that of the NSS (68%) and thus limited the validity of the postgraduate survey outputs.

The Higher Education Statistics Agency’s (HESA) introduction of the Graduate Outcomes survey – a successor not directly comparable to the Destination of Leavers from HE (DLHE) survey – provided a revised method of demonstrating institutional performance related to graduate employability. Survey outputs show that 96% of full-time, UK-domiciled first-degree graduates were in a positive destination of work and/or further study 15 months after graduation, just behind

the 2020/21 target of 97%. The proportion of UK-domiciled graduates entering a graduate level job was 78%, below performance expectations and target (85%).

In a competitive recruitment environment, the University continues to attract high calibre students and expects to remain in a UK top quartile position with an entry tariff of 172 points, above the 2019/20 milestone (162) and above 2020/21 performance expectations.

### Selected enabling activities

Despite the acute impact of the pandemic, much has been achieved during 2019/20. Following the COVID-19 lockdown in March 2020, the collective institutional effort to substantially scale down activity on campus, to move teaching and research activity online and to rapidly change our fundamental operating model demonstrated the University’s commitment and resolve to support staff and students while continuing with a progressive institutional strategy.

Efforts during the pandemic to support positive health and wellbeing among staff and students were brought together under the institutional Be Connected programme, which contains a wide range of social, health and wellbeing, learning and cultural activities and resources. As testament to its success, the programme will be mainstreamed during the forthcoming academic year.

The University’s two flagship capital projects – Campus Central and the sports facilities redevelopment – continue to progress well, albeit with respective delays on each due to COVID-related restrictions on construction activity. Campus Central will be the dynamic heart and the social core of the University, encouraging connections and engagements across our communities. The Campus Central project has already delivered the campus transport hub, and the Atrium refurbishment was completed in spring 2020.



## Campus Central

The Atrium 2,000sqm refurbishment phase of our Campus Central project was completed earlier in 2020, delivering an enhanced social and study space at the heart of campus. It now provides everybody at Stirling with a welcoming and comfortable area to socialise, relax, revise, eat, and shop.

The revitalised Atrium offers the student and staff community enhanced retail and catering outlets and new social and study spaces, all with the contemporary look and feel befitting of a world-class establishment. The next phase will deliver a three-storey extension to the Andrew Millar building – more than doubling its size – with additional floor space to be used for study, research and socialising. A pedestrianised and landscaped Queen's Court will provide a new open space for students and staff.



# Sports University of the Year 2020

The University was crowned UK Sports University of the Year 2020 by The Times and Sunday Times Good University Guide. The prestigious accolade – which builds upon Stirling's longstanding designation as Scotland's University for Sporting Excellence – recognised its world-class facilities and excellence across sports performance, research and education.



Our sports facilities redevelopment was completed and opened in November 2020. In recognition of Stirling's excellent sporting performance, research and education, the University was awarded The Times and Sunday Times UK Sports University of the Year 2020, and the new world-class facilities will enhance the University's sporting reputation further. As lockdown restrictions ease, the new

Sports Centre will provide the University with a high-quality environment in which to train, play, and stay healthy. It will also deliver an enhanced infrastructure for elite athletes, integrated facilities for interdisciplinary research, and new facilities for industry and business partners such as SportScotland.

## Increase our income by £50m

|                                  |                                    | Baseline | Actual   | Actual   | Actual   | Actual   | 2019/20 performance |                 | % change  | Target   |
|----------------------------------|------------------------------------|----------|----------|----------|----------|----------|---------------------|-----------------|-----------|----------|
|                                  |                                    | 14/15    | 15/16    | 16/17    | 17/18    | 18/19    | 19/20 Actual        | 19/20 Milestone | 2014-2020 | 20/21    |
| University Income                | Total (£k)                         | £109,341 | £113,254 | £117,388 | £121,235 | £125,530 | £121,016            | £154,822        | 10.7%     | £167,136 |
| Research Income (spend)          | Income (£k)                        | £11,529  | £11,492  | £10,227  | £11,466  | £11,881  | £11,762             | £18,500         | 2.0%      | £22,000  |
| Commercial Services              | Total (£k)                         | £16,840  | £17,889  | £19,078  | £19,576  | £20,693  | £15,142             | £21,601         | -10.1%    | £22,177  |
| Sports Development Services      | Total (£k)                         | £2,055   | £1,986   | £1,929   | £1,907   | £1,798   | £1,212              | £2,863          | -41.0%    | £3,125   |
| Philanthropic Income             | Total (£k)                         | £1,600   | £2,900   | £1,800   | £1,090   | £2,000   | £1,540              | £3,400          | -3.8%     | £3,900   |
| Enterprise Income                | Total (£k)                         | £2,862   | £2,799   | £2,001   | £2,126   | £2,072   | £1,904              | £4,346          | -33.5%    | £5,109   |
| Unregulated students recruitment | PGT Overseas (fte)                 | 498      | 516      | 507      | 526      | 549      | 512                 | 957             | 2.8%      | 1,100    |
|                                  | PGT Home (fte)                     | 710      | 780      | 873      | 1,053    | 1,109    | 1,133               | 1,219           | 59.6%     | 1,340    |
|                                  | UG RUK (fte)                       | 645      | 870      | 916      | 963      | 942      | 895                 | 1,301           | 38.8%     | 1,431    |
|                                  | UG Overseas - Credit bearing (fte) | 256      | 234      | 291      | 371      | 494      | 557                 | 600             | 117.6%    | 709      |
|                                  | Off campus fee income (£k)         | £1,613   | £1,755   | £2,097   | £2,292   | £2,532   | £2,798              | £5,073          | 73.5%     | £6,250   |

### Ambition

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

### Performance

Following a trend of year-on-year uplifts in institutional income across five years, University income fell from £126m in 2018/19 to £121m in 2019/20. With the onset of the pandemic and associated restrictions, income generation from high-profile activity (e.g. commercial and sport service delivery) was curtailed from late March 2020 due to the COVID-imposed lockdown. Against that and more positively, research income was only £100k below the 2018/19 figure, suggesting progress in a significantly challenging year.

In 2019/20, a home postgraduate taught (PGT) cohort of 1133 FTE was achieved, representing the largest cohort within the current strategic plan lifecycle. Despite a period of year-on-year increases in overseas PGT recruitment, the cohort size fell by 7% to 512 FTE in 2019/20. This outturn is behind performance expectations.

In relation to undergraduate unregulated recruitment, year-on-year increases have been achieved for undergraduate overseas students, with there being 557 FTE in 2019/20. This accounts for 79% of the 2020/21 Strategic Plan target. The number of undergraduate students from the rest of the UK (RUK) declined from 942 FTE in 2018/19 to 895 FTE in 2019/20. Within this total cohort, an RUK intake of 236 FTE represented a significant success under what has quickly evolved into an increasingly competitive and marketised student recruitment context.

### Selected enabling activities

To support the growth of the University's postgraduate taught cohorts, a programme portfolio review was conducted throughout spring and summer 2019. The aim of the review, conducted in partnership with an external consultant, was to create an efficient and sustainable portfolio that maximises appeal in the UK and key international markets. As a result of this review, a number of new innovative programmes will be launched in response to the demands of the applicant pool and wider market, with an increased focus on spring start provision.

As a global institution, the University of Stirling has established a diverse portfolio of innovative and productive partnerships with organisations across the world. Through a new emerging Internationalisation Strategy, the University will launch several new partnerships and articulation routes, increasing the reach of the University around the world and enhancing unregulated student recruitment.

## Enhance our research profile by 100%

|                             |                             | Baseline | Actual  | Actual  | Actual  | Actual  | 2018/19 performance |                 | % change  | Target  |
|-----------------------------|-----------------------------|----------|---------|---------|---------|---------|---------------------|-----------------|-----------|---------|
|                             |                             | 14/15    | 15/16   | 16/17   | 17/18   | 18/19   | 19/20 Actual        | 19/20 Milestone | 2014-2020 | 20/21   |
| Academic Staffing           | Teaching and Research (FTE) | 380      | 380     | 392     | 376     | 401     | 414                 | 450             | 8.9%      | 485     |
|                             | PGR SSR                     | 0.9:1    | 0.9:1   | 0.9:1   | 1.0:1   | 1.0:1   | 0.9:1               | 1.8:1           | 0.1%      | 2:1     |
| Research Postgraduates      | Home/EU (fte)               | 250      | 250     | 268     | 280     | 278     | 275                 | 587             | 10.0%     | 692     |
|                             | Overseas (fte)              | 110      | 100     | 82      | 87      | 105     | 88                  | 304             | -20.0%    | 362     |
| Research Grant and Contract | Award Value (£k)            | £13,264  | £11,234 | £10,307 | £11,633 | £15,066 | £15,872             | £23,997         | 19.7%     | £25,997 |
| Employer Reputation         | QS World Ranking            | 401      | 401     | 401     | 501     | 501     | 501                 | 240             | -25%      | <200    |
| Academic Reputation         | QS World Ranking            | 401      | 401     | 401     | 501     | 501     | 501                 | 240             | -25%      | <200    |
| Citations                   | QS World Ranking            | 401      | 206     | 186     | 229     | 321     | 339                 | <200            | 15%       | <200    |

### Ambition

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

### Performance

The University has introduced a major change in our approach to research grant and contract (RGC) awards to take advantage of the changes in the research policy and funding landscape, targeting large, thematic, solution-focused grants with enhanced support available to those applications. This approach has been successful in 2019/20, with Stirling recording its highest RGC awards income in the current strategic planning period.

This represents growth of almost 20% compared to the 2014/15 baseline.

Cumulatively, the PGR cohort totalled 363 FTE, falling considerably short of the 2020/21 target (1,054 FTE). As PGR students can start at any point in the academic year, recruitment to both cohorts may have been affected by COVID-19, although it is recognised that significant progress is required to increase both cohorts against what is a challenging PGR funding landscape.

### Selected enabling activities

The University is leading on 10 major research projects investigating the impacts of COVID-19 on health, wellbeing, society and the economy. The University was also successful in securing funding for three UKRI projects, including a study considering the impact of 'new' working from home arrangements.

## COVID-19 research projects

The University launched a range of research in response to COVID-19, exploring its impact on society. Studies considered its effect on children and young people; carers and support workers; people with an alcohol or drugs dependency; those experiencing homelessness; older adults; the emergency services; problem gamblers; and licensed premises.

As well as rising to the immediate challenges presented by COVID-19, researchers have also continued work across a range of areas from tackling climate change, to advancing sustainable aquaculture and informing public health and social care responses. The University's ability to deliver innovative research that addresses the needs of society was recognised

in November 2019 when the University was awarded the Queen's Anniversary Prize – the highest national honour awarded in UK higher education – in recognition of the pioneering work of its Institute of Aquaculture in the world's fastest-growing food production sector in a bid to tackle global hunger.



THE QUEEN'S  
ANNIVERSARY PRIZES  
FOR HIGHER AND FURTHER EDUCATION  
2019

## Queen's Anniversary Prize

The University was awarded the UK's highest academic honour – the Queen's Anniversary Prize – in recognition of the research and work of its Institute of Aquaculture. Professor Gerry McCormac, Principal and Vice-Chancellor of the University, and Professor Selina Stead, Head of the Institute of Aquaculture, received the award during a ceremony at Buckingham Palace.

# Stirling and Clackmannanshire City Region Deal

Signed in February, the City Region Deal realises a £90.2 million investment from UK and Scottish Governments, with the University leading a £46.3 million innovation strand. Through delivering a step change in research and innovation and supporting high value jobs and skills development, the University will respond to global challenges, while spearheading the region's economic recovery.

The innovation strand is led by the University and accounts for £46.25 million of the investment over the 10-year lifespan of the Deal. This investment is across three major programmes: £22m for Scotland's International Environment Centre (SIEC), £17m for the National Aquaculture Technology and Innovation Hub (NATIH) and (subject to completion of Deal governance processes) £7.25m for the Intergenerational Living Innovation Hub (ILIH).

The strategic importance to the University of leading delivery of the innovation work stream is to achieve a step change in research and innovation activity and performance, consistent with the Strategic Plan. In doing so, the University will significantly enhance its considerable regional economic and social impact and contribution. This will drive realisation of the benefits targeted by the Governments, relating to high value jobs, skills development, innovation, and business research and development activity levels.

The onset of the COVID-19 pandemic in the UK and the resulting national lockdown prevented the Deal moving into its delivery phase as planned. Development of key elements of Deal governance and management were seriously delayed as resources were diverted to response and recovery planning and implementation. Work is currently focused on moving the Deal programme forward again.



## City Deal

In February 2020, the Stirling and Clackmannanshire City Region Deal was signed by the University, Stirling and Clackmannanshire Councils, and the Scottish and UK Governments at Forth Valley College Stirling Campus. This confirmed the Deal's £90.2 million investment package from the Scottish and UK Governments.

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

## Scotland's International Environment Centre (SIEC)

The SIEC project is recognised as having the greatest potential impact on regional economic and social recovery. To enable the project to commence as quickly as possible, the original plan has been revised and approved by the delivery partners and the Governments. The vision and purpose of SIEC remains unchanged: through innovation and partnership, SIEC will deliver transformational change in business practice, in order that the protection and enhancement of our natural resources becomes an enabler of economic prosperity, just transition, and wellbeing.

This is proposed to be delivered through the establishment of an operational SIEC, delivering a range of services to businesses including industry-led research; green business start-up and scale up; facilitated access for businesses to technology and expertise; business strategy support through consultancy; and access for businesses to participate in an open innovation community.

The revised programme for the initial phases of SIEC prioritises the rapid development and deployment of:

- The Forth Valley Environmental Resilience Array (ERA), to create a regional scale living laboratory that enables enhanced environmental management and business innovation in low emission, sustainable technologies, products and services.
- A bespoke programme of business services and support to ensure companies, and in particular small and medium-sized enterprises, are able to benefit fully and rapidly from the technology.

A demonstrator project for Forth-ERA is being implemented in partnership with BT, the Scottish Environment Protection Agency, Scottish Water, Diageo, 3DEO and TwoWorlds, supported by the Forth Valley Chamber of Commerce, Scottish Natural Heritage and the Forth Estuary Forum.

The development and delivery of SIEC over the remainder of the Deal will be undertaken as a programme of enabling infrastructure development, creating a large-scale innovation community centred on the University's research expertise.

The detail of this programme will require reconsideration, since it is likely to be achieved through reuse and repurposing of existing space rather than the development of a new business park as originally intended. Similarly, development of the Research and Policy Centre on the University campus is likely to involve repurposing of existing space rather than new build.

## National Aquaculture Technology and Innovation Hub (NATIH)

The plans for delivery of NATIH have not yet been revisited, other than to consider a revised start date for project commencement. It remains the intention to begin the project with redevelopment of the on campus aquaria, transforming the current tropical and temperate aquaria, located behind the Pathfoot Building, into a modern aquatic research facility and disease challenge unit. Development of new aquaculture laboratories will then follow in later years. The original proposal to create those laboratories in new build space is likely to be re-evaluated in light of changed University estate requirements overall.

## Intergenerational Living Innovation Hub (ILIH)

In August 2020, the UK Government wrote to the Leader of Clackmannanshire Council indicating Treasury support for an award of £7.25m for the Intergenerational project. The Clackmannanshire Commission is currently considering the UK Government position. It is anticipated that an offer of funding towards the Intergenerational Hub will be made, but the scope of the project will require to be revisited. Discussions between the University and Clackmannanshire Council on the potential project revisions are underway. Any award offered to the University would be subject to internal and Deal governance approval.

## Our priorities for the future

The Strategic Plan clearly articulates the University's aims. Good progress has been made in 2019/20 under extremely challenging circumstances, and the University will continue to invest in priority areas in 2020/21 to meet the targets set out in the Strategic Plan. The following objectives, as endorsed by University Court in June 2020, will be prioritised during 2020/21:

- **Financial sustainability:** Build and deliver a framework through which financial sustainability can be assured in the short, medium and long terms in a post-COVID world. Securing required levels of liquidity and the effective use of working capital in ensuring appropriate levels of cash for day-to-day operations and the wider capital programme is paramount here. Both capital and revenue expenditure will be shaped by a tighter definition of 'affordability' that, in turn, will be closely monitored and rigorously managed to ensure financial objectives are delivered.
- **Campus life:** Manage a phased reopening of the campus guided by business need, government guidance and risk assessment processes. Social distancing measures and updates to signage and the physical fabric of the campus, following the latest government guidance, will be introduced. Use of the campus and buildings is being rethought in creative ways to enable the delivery of key activities – such as lab-based research – at the earliest opportunity. The Capital Infrastructure Plan complements this 'Campus Life' priority and details revised timescales for primary capital projects – such as Campus Central and the Sports Redevelopment Project – along with essential smaller-scale physical and digital infrastructure projects.
- **Community health and wellbeing:** With the interests of students and staff at the centre of decision-making, a work strand to support a physically and mentally healthy community is a priority. Objectives include a managed reopening of the Sports Centre, with exercise classes both on campus and virtually; reviewing our travel to work policies and initiatives; and the introduction of a new Occupational Health provider, Innovate Healthcare. We will strive to put the environment at the heart of decision-making, bringing forward our carbon reduction and sustainability plans in collaboration with the Students' Union and local stakeholders.
- **Student recruitment and market development:** Maximisation of direct unregulated student recruitment, including growth in international partnerships and transnational education. The University will continue to protect Scottish Funding Council income and work to access new and non-traditional student recruitment

markets through partnerships and flexible delivery. Work to re-evaluate and re-position our international recruitment agenda will be paramount in order to minimise our exposure to global pandemics and limit over-leveraging in fragile markets.

- **Learning, teaching and the student experience:** Innovate our teaching practice and learning infrastructure so that we are able to offer a top-class, digital-ready and flexible learning experience for our students on campus and at a distance. A revised portfolio of teaching programmes was developed for 2020/21 to maximise opportunities within key markets, with increased use of spring-start programmes.
- **Research performance:** Building on our success from 2019/20, we will continue to maximise research grant and contract income, deliver a high-quality REF submission and support a thriving research culture, led by the Institute for Advanced Studies.
- **City Deal and regional economic recovery:** The University will continue to build on the progress of the City Deal and support partners in building economic growth, productivity and prosperity for the region. The University will play a central role supporting regional and economic recovery from the pandemic through partnership working, expertise and skills base.
- **Resource deployment and integrated working:** Support the retention of talented staff at optimum levels and support a welcoming, dynamic and innovative work environment. We will continue to support equality, diversity and inclusion in the workplace and focus people and resources based on business need and in line with our Strategic Plan.

## Our staff

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

The University recognises the importance of a healthy work-life balance. To help staff achieve this balance, the University has introduced an Employee Assistance Programme (EAP), provided by 'Innovate Healthcare' and delivered by their EAP partner CiC. This support service offers emotional, psychological and practical help for a wide range of personal and work-related issues. The service is available to employees and their immediate family members.

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on the University to collate and publish, on an annual basis, the following data on the amount and cost of facility time. The University's return for the period 1 April 2018-31 March 2019, which contains details of numbers of employees who were relevant union officials, the percentage of their working hours spent on facility time, percentage of pay bill spent on facility time and paid trade union activities, is available on this webpage: [stir.ac.uk/about/professional-services/human-resources-and-organisation-development/trade-union-facility-time-report](http://stir.ac.uk/about/professional-services/human-resources-and-organisation-development/trade-union-facility-time-report)

## **Equality and Diversity**

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

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

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

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

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

## **Understanding our risks**

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

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

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

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

Risk exists as a consequence of uncertainty and is present in all University activities. The exposure to risk is normally expressed in terms of the operational, reputational and financial damage that may be incurred and the ability to transfer, tolerate, treat or terminate as a result. The register of strategic risk helps the University to measure and assess the most significant threats and opportunities that could impact on delivery of Strategic Plan targets. The risk register highlights a range of risks, some of which are summarised in Table 2. It should be noted that risks are not presented in rank order.



**Table 2** Risk Register Extract

| Strategic objective                                       | Risk  | Risk mitigation  |
|---|---|--|
| <p><b>Be one of the top 25 universities in the UK</b></p> | <p>Changes to the political landscape (in Scotland, UK and EU) and/or applicant behaviour impacting on the recruitment of RUK students – including change to government representation, adoption of recommendations within the Augar Review, implications of the temporary cap on English UG intakes for Scottish providers or a significant shift in applicant behaviour due to the impacts of COVID-19.</p> | <p>Proactive approach to recruitment, marketing, and portfolio development, to ensure programmes are attractive to RUK students. Improved presence at UCAS events and enhanced conversion activities (e.g. scholarship schemes). Review of fees and scholarships led to revised fee structure implemented for 18/19 onwards to maximise income flow – a subsequent review is ongoing. Ongoing monitoring of relevant channels, sector-based and otherwise.</p>   |
|   | <p>Changes to applicant/institution behaviour, as a direct result of the COVID-19 pandemic for example, result in a significant reduction in tuition fee income from international students.</p>  | <p>Diversification of international student population, including TNE and digital delivery. Enquiry management and offer conversion service with QS Solutions, utilising CRM technology. Further development of Joint Venture (JV). Enhanced recruitment and marketing activity in key markets and for priority programmes. Monitoring and improvement of application/offer/acceptance ratio. Implementation of Marketing and Recruitment Strategy. Strategic international partnerships delivering transnational education and/or articulation routes, which could lead to a significantly increased percentage of students being taught overseas through partners. Tailoring of 2020/21 PGT portfolio, programme start dates, delivery model and support arrangements with a view to maximising recruitment under the context imposed by COVID-19.</p> |
|   | <p>Impact of Brexit on recruitment and retention of EU and international students, the fee position beyond 2020 and the future of the UK economy could discourage EU and international students from applying to Stirling or staying to complete their degrees.</p>   | <p>Increase communications with current students and applicants. Review home student application numbers so there are sufficient numbers/quality to replace any potential losses from EU applicants. Work on increasing RUK application numbers. Europe Group meeting regularly to discuss emergent opportunities and business continuity concerns and engagement with SFC in relation to Brexit.</p>  |
|   | <p>Uncertainty caused by Brexit around future rights to live/work in the UK for staff which could affect recruitment and retention of staff. Risk of reduced access/no access to cross-EU research funding streams.</p>   | <p>Increase communications with current staff, appraising of policy updates. Conducting regular analysis of staffing profile to inform future actions.</p>   |
|   | <p>Significant improvements to campus infrastructure through ambitious capital investment plan (especially Sports facilities and Campus Central) lead to disruption to staff/student experience on campus for prolonged period.</p>   | <p>Ensuring alternative provisions are in place during works and manage schedule of work to have minimal impact at peak times (e.g. minimise disruptive activity during exam times). Lower student and staff proportions anticipated on campus for remainder of 2020.</p>  |

**Table 2** Risk Register Extract (continued)

|  |   |   |
|--|---|---|
| <b>Increase our income by £50 million</b>          | As a consequence of spending reviews/ governmental policy/issues associated with the timings of respective UK and Scottish Government budget announcements, grant funding for higher education in Scotland is reduced.  | Continued working with SFC to deliver Outcome Agreement targets. Continued divergence of income streams to reduce reliance on SFC funding. Final Funding settlement for AY 2020/21 confirmed by the SFC.  |
|  | Reduction in student fee income as a result of failure to recruit sufficient numbers of non-regulated undergraduate and postgraduate students due to the impacts of the COVID pandemic or other disruptive factors. Negative reputational impact in market of any cost reduction measures.        | Proactive approach to attract high-calibre applicants and improve the conversion rate. Student enquiry management and conversion service with QS Solutions. Regular monitoring, use of incentives and ensure that current processes are applicant-focussed and comply with legislation. Tailoring of 2020/21 PGT portfolio, programme start dates, delivery model and support arrangements with a view to maximising recruitment under the context imposed by COVID-19. Ongoing scenario planning to understand exposure and to enable deployment of mitigating actions. Clear proposition communications to support applicant decision making. |
|  | Increased pay awards and pension costs become unaffordable and increase the deficit to unsustainable levels.  | Monthly monitoring of expenditure and performance levels. Institutional position, cognisant of the COVID context and associated pressures on income, is made to UCEA and local unions. Business continuity planning in event of industrial action. Financial management and control of staff costs.   |
|  | Impact of Brexit on procurement activities including contracts being procured through EU procurement regulations. Costs for contracts could be subject to higher costs due to devaluation of sterling. Suppliers may be subject to increased costs and are unable to deliver on agreed contracts. | Calculated increased burden and potential impact of more restrictive procurement regulation, to inform future representation. Secure fixed-price contracts where possible to transfer risk to third party. Proactive engagement with contractors to gain an early insight into labour provision issues arising as a result of Brexit, allowing timely consideration of mitigating actions.  |
| <b>Enhance our research profile by 100 percent</b> | City Deal requirements are not met to receive committed funding from the Government/Local Councils, or, the additional funding required is not secured. The complex political relationships and partnerships breakdown, reputational and financial risk.  | Appropriate governance structures have been put in place both externally and internally to manage the different strands of the process. Programme Office established within RIS provides effective project management and ensure delivery against stated outcomes. University has taken lead role for Regional Programme Management Office.   |
|  | Failure to deliver in a timely manner against action plan set out following internal audit of cyber security to maintain and develop information infrastructure creates negative student experience and impacts on research performance (including IT disaster recovery and cyber threat).        | Business continuity plans in place and being refined. Programme of adding resilience where appropriate. Capital Investment Plan includes investment in IT. Action in response to cyber internal audit taken forward. New policies under development based on ISO 27000 standards and Cyber Essentials requirements.   |
|  | Cut or change in methodology of allocating research funding, particularly the research and knowledge exchange funding, leading to an overall cut in funding.  | Continue to lobby for investment in research and innovation as a key driver of economic growth and societal benefit. Successfully implement the Research Strategy. Developing thematic plans for key areas – e.g. ageing and dementia – to enhance knowledge exchange activity.   |

## Financial performance

### Financial Statements

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

The reported operating surplus for the year 2019/20 is £12.0 million, which compares to a £32.3 million deficit in 2018/19. The 2019/20 position is exceptionally impacted by favourable pension movements. The financial management of the University focuses on the underlying results that exclude non-controllable and other significant items. On that basis the underlying deficit for the year 2019/20 is £3.6 million with a prior year comparable deficit of £2.9 million as follows:

**Table 3** Underlying deficit

|                                       | 2019/20        | 2018/19        |
|---------------------------------------|----------------|----------------|
|                                       | £'000          | £'000          |
| Surplus/ (Deficit) for the year       | 11,975         | (32,284)       |
| Pension provision movements (note 19) | (17,645)       | 28,354         |
| Impairments (note 11)                 | 2,083          | 1,011          |
| <b>Underlying deficit</b>             | <b>(3,587)</b> | <b>(2,919)</b> |

The University uses net cash inflow from operating activities as its critical measure of financial performance. Net cash inflow of £9.3 million is reported in 2019/20 primarily due to the increase in creditors, with a prior year comparable of £4.9 million in 2018/19.

### Financial health

The key financial ratios of the University are set out at Table 4. These have been stated excluding the aforementioned pension movements, however the coronavirus pandemic has brought new and unprecedented challenges with the most substantial impact being a financial one. In April 2020, the SFC estimated that Scottish universities may face a collective loss of circa £72 million in the 2019/20 academic year. For the University, this equated to an initial forecast deficit of £5.1 million in 2019/20.

Having addressed the immediate risks and initiated business continuity actions in response to the crisis and lockdown scenario, the University has made significant progress, across a range of themes, in support of emerging from the

immediate pandemic period in financially as strong a position as possible, and whereby progress against strategic objectives continues to be realised:

- **Student experience:** The ability to transition quickly to online delivery and provide virtual support to students during lockdown was testament to the hard work and commitment of the University's academic and professional services staff, while also demonstrating innovative thinking in relation to learning and teaching delivery. The University's commitment to world-class teaching and student experience was demonstrated in a UK top-20 NSS ranking and a top-30 ranking in the Guardian University Guide League Table.
- **Academic portfolio and recruitment:** A significant piece of work has been undertaken in order to understand applicant barriers caused by COVID-19 and mitigate, where possible, with examples being 'hedging' of the postgraduate portfolio across autumn and spring entry points with consideration of market demand and enabling students to commence their studies wholly online until such a time as they can travel to the UK.
- **World-class research:** Researchers have continued work across a range of areas from tackling climate change, to advancing sustainable aquaculture and informing public health and social care responses. Pertinent examples of recent research successes would include the securing of £500k from the Scottish Government to lead 10 major research projects investigating the impacts of COVID-19 and securing funding for three UKRI projects, including a study considering the impacts of 'new' working from home arrangements.
- **Home working:** A swift transition to home working for much of the staffing base, supported by a range of digital tools, demonstrating the institutional ability to be nimble and dynamically respond to a range of emergent requirements as dictated by the COVID context.
- **Return to campus:** A suite of measures, informed by the latest guidance, deployed to support the safe return of staff and students in managed levels. Measures include an intensified campus cleaning schedule; a clear approach towards the wearing of face coverings; track and trace procedures supported by QR software; deployment of temperature testing devices and a policy framework including the Stirling Campus Commitment and the Stirling Campus Pledge.

|   | <b>2019/20</b><br>£000 | <b>2018/19</b><br>£000 |
|---|------------------------|------------------------|
| <b>Income ratios</b>  |                        |                        |
| Total Income  | 121,339                | 126,000                |
| Total Funding Council Grant as % of Total Income                | 38%                    | 36%                    |
| Total non-Funding Council Grant as % of Total Income            | 62%                    | 64%                    |
| Total Education Contracts and Tuition Fees as % of Total Income | 32%                    | 31%                    |
| Total Research Grants and Contracts as % of Total Income        | 10%                    | 9%                     |
| Total Other Income as % of Total Income                         | 20%                    | 23%                    |
| Total Endowment & Investment Income as % of Total Income        | 0%                     | 1%                     |
| <b>Expenditure ratios</b>                                       |                        |                        |
| Total Expenditure (excludes movement on pensions)               | 126,510                | 128,880                |
| Staff Costs as % of Total Expenditure                           | 64%                    | 60%                    |
| <b>Underlying position</b>                                      |                        |                        |
| Deficit for the year  | (3,587)                | (2,919)                |
| Underlying Deficit as % of Total Income                         | (3%)                   | (2%)                   |
| Earnings Before Interest Tax Depreciation and Amortisation      | 6,465                  | 7,051                  |
| <b>Balance Sheet strength</b>                                   |                        |                        |
| Overdrafts, Loans, Finance Leases                               | 86,846                 | 79,880                 |
| External borrowing as % of total income                         | 72%                    | 63%                    |
| <b>Cash position</b>  |                        |                        |
| Cash and Current Asset Investments                              | 40,302                 | 51,663                 |
| Days Ratio of Cash to Total Expenditure                         | 148                    | 126                    |

**Table 4** Financial Ratios

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

The University now has borrowings of £86.85 million, which equates to 65.5% of total reserves which will be fully repaid by 2048. Against that level of gearing, the University has non-current assets of £227.1 million, net current assets of £29.8 million and resilient cash balances.

Post-COVID crisis, it will remain the University's mission to be an innovative and international university, with a global reputation for high-quality teaching and research. At its meeting in June, University Court endorsed a series of institutional priorities for delivery throughout 2020-21. These priorities included financial sustainability; student recruitment and market development; City Deal and regional economic recovery; and campus life.

## Income

The University’s ambition, as set out in its Strategic Plan, is to increase income to more than £165 million by 2020/21. This is seen as a “stretch target” to drive institutional activity and progress. The reported results in 2019/20 show total income has decreased – ending a positive trend for the prior four years – by £5.7 million, a 4.5% year-on-year decrease to £121.3 million. That reversal is attributed entirely to the impact of COVID-19. Being a campus-based University, a significant proportion of income is generated from residences, conferences, non-student (vacation) letting, hotel, catering and sports facilities. The impact has been across all these areas; from the early termination of student resident contracts, cessation of hotel, conferencing and sport facilities, and a minimum catering provision.

### Scottish Funding Council (SFC) grants

The University’s main grant allocation was announced in May 2019. For 2019/20, the University received £46.0 million in funding from the SFC, including a capital grant of £1.1 million. The funding received is £0.1 million higher than in 2018/19 and in line with current experience whereby SFC funding is largely flat and in real terms is reducing.

## Tuition fees and education contracts

Tuition fee income increased by £0.3 million (0.7%) due to a substantial increase in Home students recruited offsetting reductions in RUK & Overseas student numbers. All other recruitment categories either remained flat year on year or contracted slightly as a consequence of the challenging operating environment.

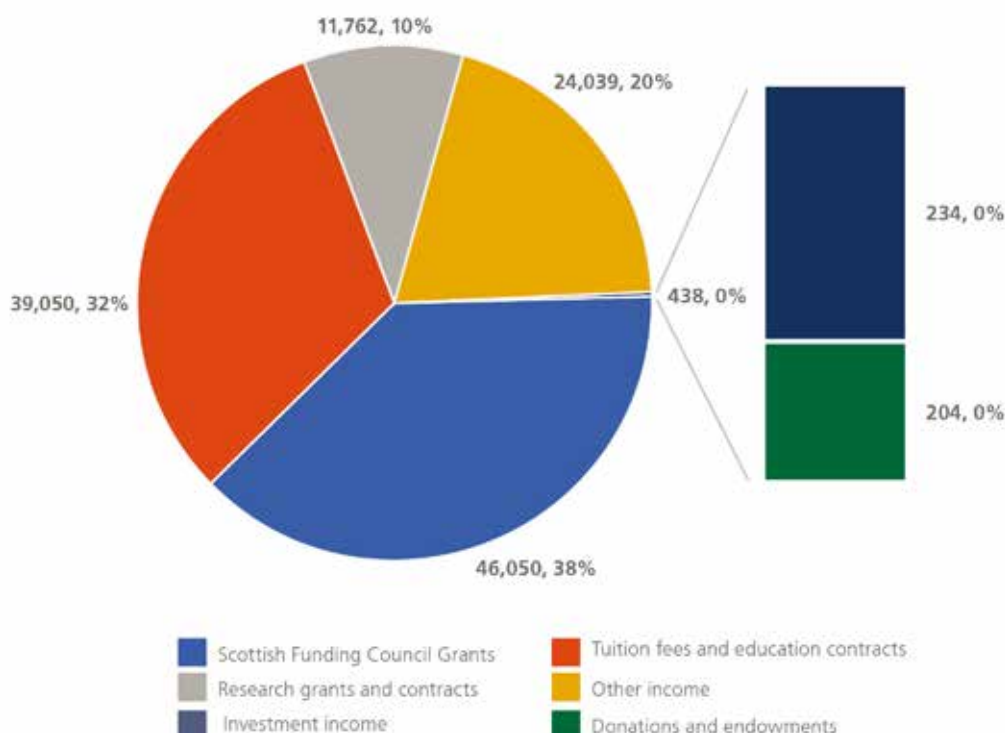
### Research grants and contracts

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

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

In 2019/20, research grant and contract income decreased by £0.2 million as a result of coronavirus, with a number of projects being delayed due to the pandemic. Also, in 2019/20, the University placed continued emphasis on the requirement for academic staff to submit applications for research contracts with a higher value, reducing the number of applications for small funding pots. The value of new awards in 2019/20 increased to c£16 million evidencing the continued progress toward our strategic goal of doubling research income.

2019/20 Income (£'000)



## Other income

At £24.0 million, other income sources accounted for 20% of the University's total income. Other income has decreased by £4.7 million in 2019/20. This decrease was driven by the curtailment of the commercial activities; hotel, conferencing and summer residential bookings, as well as the closure of catering outlets from the end of March as a result of the coronavirus pandemic. This impact was partially offset by the job retention scheme grant which the University utilised to furlough staff and aid in minimising the impact of coronavirus on the 2019/20 financial position.

## Investment income

Investment income has reduced by £0.2 million as a result of lowering interest rates and less available cash to deposit in investments.

## Donations and endowments

Donations and endowments are down when compared to the previous year (£26k), which can in part be attributed to the external environment post coronavirus. The University remains committed to growing philanthropic income and building a dynamic alumni engagement programme to help achieve and maintain a sustainable University.

## Expenditure

### Staff costs

Staff costs excluding pension movements increased by £3.5 million. Staff costs reflect the impact of the 2019/20 pay settlement (an increase in costs of just over £1.4 million); increased pension contributions (£1.3 million) and increases linked to progression; advancement and recognition of £0.8 million.

The movement on the University's share of the USS net pension liability has decreased by £17.6 million (from £41.5 million to £23.9 million) arising from the 2018 USS valuation. In responses to the scheme's weakening position there have been increased employer and employee contributions to the scheme and the updated liability following the 2018 valuation is contained in note 30.

### Other Operating Expenditure (OOE)

OOE has reduced from £40.3 million to £33.3 million. This has been achieved through a number of cost savings following the outbreak of coronavirus with vastly reduced numbers of staff on campus utilising University buildings and a reduction in associated expenditure, coupled with reduced travel and OOE consequential savings related to the reduction in Other Income streams. These measures implemented by the institution

demonstrate the robust response to the coronavirus pandemic in order to preserve the financial sustainability and minimise the adverse impact on financial year 2019-20.

## Depreciation

Depreciation has increased by £0.7 million compared to 2018/19. This was due to impairment of legacy assets associated with the two marquee capital projects, the Sports Centre Redevelopment and Campus Central.

## Interest and other finance costs

Interest and other finance costs have increased by £0.5 million. This occurred because there was a higher financing impact relating to the unwinding of the USS pension provision.

## Statement of financial position and cash flow

### Capital expenditure

The University has invested £21.2 million in capital additions for 2019/20, £17.6 million on two marquee redevelopment projects: The Sports Redevelopment (£10.6 million) and Campus Central (£7.0 million). The new sports complex will include purpose-built studios, an innovative fitness suite, a three-court sports hall, an indoor cycling studio, a new strength and conditioning area, as well as a new state-of-the-art high-performance suite. Users of the new building will also benefit from enhanced changing facilities and communal spaces. Campus Central will create new and refurbished study and social spaces at the heart of the campus for the benefit of students, staff and the wider community. Over £1 million has been invested across the Pathfoot and Cottrell buildings, library study spaces, upgrades to student IT facilities and IS security.

### Current assets

The net current asset position of the University decreased by £17.4 million. The University's cash inflow from operating activities in 2019/20 was £9.3 million. The cash and cash equivalent balance at the end of the year was £39.4 million, an increase of £6 million of which £21 million is available to support working capital needs and the University's capital programme during 2020-21.

### Long-term borrowings

Long-term borrowing stands at £86.8 million; this reflects an increase of £7.0 million following offer and acceptance of a financial transaction loan from SFC to support future capital investments.

## Provisions

The statement of financial position includes a USS pension provision of £23.9 million. This compares favourably against last year's provision of £41.5 million with the decrease a result of the completion of the 2018 actuarial valuation. In 2018/19, the University showed a USPS pension asset of £3.0 million. During 2019/20, the Actuarial losses of £13.7 million offset returns on assets of £3.4 million. The scheme has been disclosed as a non-current liability with a balance of £6.9 million. Other provisions have reduced by £4.3 million, mainly relating to the reinstatement works carried out following the damage caused by flooding in 2018/19.

## Prompt payment to suppliers

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

During 2019/20, the University paid 65% of its invoices within 30 days of receipt of a valid invoice.

## Professional Advisors

### External Auditor / Tax Advisor

#### KPMG LLP

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

### Internal Auditor

#### Ernst and Young LLP

5 George Square,  
Glasgow  
G2 1DY

### Banker

#### HSBC UK Bank PLC

2-6 Murray Place  
Stirling  
FK8 2DD

### Solicitor

#### Thorntons Law LLP

Whitehall House  
33 Yeaman Shore  
Dundee  
DD1 4BJ



**S. Haldane**

Chair, Joint Policy Planning and Resources Committee  
14 December 2020

# 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 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 2020 can be found on pages 63-64

In accordance with the University's Charter, the Court has overall responsibility for the management of the University's resources, the ongoing strategic direction of the University, approval of major developments, and the receipt of regular reports from Executive Officers on the operation of its business. The Court met five times during 2019/20 and also held a Court Strategy Day.

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: [stir.ac.uk/about/faculties-and-services/policy-and-planning/university-calendar](http://stir.ac.uk/about/faculties-and-services/policy-and-planning/university-calendar).

This is partly facilitated by the Joint Policy, Planning and Resources Committee (JPPRC), a joint Committee of University Court and Academic Council which monitors and advises the University Court on policy, strategy and resource issues relating to the University infrastructure (physical, technological and human). JPPRC also scrutinises new or revised University policies and recommends their approval to University Court and/or Academic Council.

The membership of the Court – some of whom are ex officio – comprises lay members, who are in the majority, 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 position of Chair of Court became vacant in August 2019 and the process to recruit a new Chair has been ongoing during 2019/20. It has not been possible to conclude this process within the financial year, given the impact of COVID-19. The position of Chair has therefore been performed by the Vice-Chair of Court throughout 2019/20.

The gender balance of all Court members as of 31 July 2020 was 58% men and 42% women and amongst the lay members the split was 54% men and 46% women.

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

Lay members of Court have a range of skills and backgrounds. Current members have expertise in human resource management, corporate law, work culture, local government, strategic planning, IT services, accountancy, internationalisation, creative industries, sports development, business development, social justice, consumer rights, healthcare, business and finance.

During 2019/20, the Privy Council approved amendments to the University's Charter and Statutes which now reflect the requirements of the Higher Education Governance (Scotland) Act 2016. Following approval by the Privy Council of the amended Statutes, two new members were appointed to Court representing trade unions. Also, two new staff members were elected to Court representing academic staff and professional services staff.

Inductions are held for new members of Court which provide members with an outline of their governance responsibilities and highlights some of the key issues of interest to Court members, particularly in relation to the external environment. Meetings of Court are normally preceded by presentations or visits to different academic and service areas of the University to help Court members improve their understanding of the operations of the University. During 2019/20 these sessions included briefings on Internationalisation and Enhancement Led Institutional Review. Three of the Court meetings during the year were held online due to COVID-19, meaning the pre-Court sessions were not able to take place in the normal way. 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 sets out its responsibilities in relation to mission, vision and strategy; students and staff; financial systems and control environment; corporate governance, and senior management. A copy of the Statement can be viewed on the University website at: [stir.ac.uk/media/stirling/services/policy-and-planning/documents/Statementofprimaryresponsibilities.pdf](http://stir.ac.uk/media/stirling/services/policy-and-planning/documents/Statementofprimaryresponsibilities.pdf).



## Principal Committees

The Joint Policy, Planning & Resources Committee (JPPRC) considers issues relating to the University's finances, estates, information services, and staffing, and their integration with academic planning. The committee 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 Governance and Nominations Committee has overall responsibility for corporate governance, the conduct of Court members, and the appointment and election of members to Court and other committees. This Committee also has an important role to play in ensuring diversity among Court members and on other committees.

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

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

## Good Governance

The University is committed to exhibiting best practice in all aspects of corporate governance and works to the good practice recommendations in the Scottish Code of Good Higher Education Governance.

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance with the exception of the requirements detailed below which were impacted by the COVI-19 pandemic:

- The requirement to hold an annual stakeholder meeting in public: It was not possible to hold this event as planned due to COVID-19 restrictions. The stakeholder meeting will be held once coronavirus restrictions allow.
- The requirement to have an elected Chair of Court: Following departure of our previous Chair of Court in July 2019, the University made a considerable effort to identify suitable candidates for the Chair of Court position to put forward for election. This process also had to be put on hold during the COVID-19 pandemic. The Scottish Government and Scottish Funding Council have been kept informed of circumstances and the University will proceed with elections during 2020/2021.

The University is taking action to address these issues as stated above and expects to be fully compliant in 2021.

## Membership of Court and Committees 2019/20

|                               | C=Court<br>A=Audit<br>J=JPPRC | Membership dates                 | Attendance 2019/20 |                 |                 |
|-------------------------------|-------------------------------|----------------------------------|--------------------|-----------------|-----------------|
|                               |                               |                                  | Court<br>5 in year | Audit 3 in year | JPPRC 3 in year |
| *Mr Harry Adam                | C, J                          |                                  | 5 chair #          |                 | 3               |
| *Ms Mary Allison              | C                             | From 01/12/2019                  | 4 of 4             |                 |                 |
| *Dr Robert Black              | C                             |                                  | 5                  |                 |                 |
| *Mr Kenny Fraser              | C, A                          |                                  | 5                  | 3 chair         |                 |
| *Ms Susan Gordon Hardy        | C                             | From 01/12/2019                  | 4 of 4             |                 |                 |
| *Mr Hamish Grossart           | C, J                          |                                  | 5                  |                 | 1               |
| *Mr Scott Haldane             | C, J                          |                                  | 5                  |                 | 3 chair         |
| *Mr Graham Hastie             | C                             |                                  | 5                  |                 |                 |
| *Mr Douglas Kearney           | C, A                          |                                  | 5                  | 3               |                 |
| *Ms Barbara McKissack         | C, J                          |                                  | 5                  |                 | 3               |
| *Ms Catriona Morrison         | C                             |                                  | 5                  |                 |                 |
| *Rev Maggie Roderick          | C, A                          |                                  | 5                  | 3               |                 |
| *Councillor Christine Simpson | C                             |                                  | 4                  |                 |                 |
| *Ms Margaret Khnichich        | A                             |                                  |                    | 3               |                 |
| Ms Chloe Whyte                | C, J                          | From 04/11/2019<br>to 31/05/2020 | 3 of 3             |                 | 2 of 2          |
| Mr Joshua Muirhead            | C, J                          |                                  | 5                  |                 | 2               |
| Ms Amy Smith                  | C, J                          | From 01/06/2020                  | 1 of 1             |                 | 1 of 1          |
| Professor Alison Bowes        | J                             |                                  |                    |                 | 3               |
| Professor George Burt         | J                             |                                  |                    |                 | 3               |
| Dr Paul Cowell                | C                             | From 17/03/2020                  | 3 of 3             |                 |                 |
| Ms Pam Crawford               | C                             | From 01/01/2020                  | 3 of 3             |                 |                 |
| Professor Jayne Donaldson     | C                             |                                  | 5                  |                 |                 |
| Professor Alison Green        | C                             |                                  | 5                  |                 |                 |
| Professor Peter Hancock       | C                             | From 08/10/2020                  | 4 of 4             |                 |                 |
| Mr George MacLeod             | C                             | From 08/10/2020                  | 4 of 4             |                 |                 |
| Professor Malcolm MacLeod     | C, J                          |                                  | 5                  |                 | 3               |
| Professor Gerry McCormac      | C, J                          |                                  | 5                  |                 | 3               |
| Mr Stephen Morrow             | J                             | To 31/12/2019                    |                    |                 | 0 of 1          |
| Professor Holger Nehring      | C                             |                                  | 3                  |                 |                 |
| Dr Gabriela Ochoa             | J                             |                                  |                    |                 | 3               |
| Professor Richard Oram        | J                             |                                  |                    |                 | 3               |
| Professor Judith Phillips     | J                             |                                  |                    |                 | 2               |
| Ms Eileen Schofield           | J                             |                                  |                    |                 | 3               |
| Professor Leigh Sparks        | J                             |                                  |                    |                 | 3               |
| Professor Neville Wylie       | J                             |                                  |                    |                 | 3               |

\*Lay members

# Acting Chair of Court

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 preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Court is required to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Financial Memorandum with Higher Education Institutions issued by the Scottish Funding Council.

The group and University's financial statements are required by law to give a true and fair view of the state of affairs of the group and the University and of the group's and the University's excess of expenditure over income for that period. In preparing these financial statements, the Court is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the University or to cease operations, or have no realistic alternative but to do so.

The Court is responsible for keeping adequate and proper accounting records that are sufficient to show and explain the group and University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable them to ensure that the financial statements comply with the Charities and Trustee Investment

(Scotland) Act 2005, and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The University Court has taken all reasonable steps to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and directors of service;
- a comprehensive medium and short-term planning process supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks, and quarterly reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval level set by the University Court;

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Court;
- a professional outsourced Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Court and whose head provides the University Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the system of internal control, including internal financial control.

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



# Independent Auditor's Report to the University Court

## Report on the audit of the Financial Statements

### Opinion

We have audited the financial statements of the University of Stirling ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated and University Statement of Cash Flows and the related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and of the Group's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

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

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

### Going concern

The University Court of the University of Stirling has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the

Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

- However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

### Other information

The University Court of University of Stirling is responsible for the other information, which comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Strategic Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **The University Court's responsibilities**

As explained more fully in their statement set out on page 27, the University Court of the University of Stirling is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

### **Report on other legal and regulatory matters**

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

In our opinion, in all material respects:

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

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

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



**Michael Wilkie (Senior Statutory Auditor)  
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*

319 St Vincent Street  
Glasgow  
G2 5AS

Date

# Statement of Accounting Policies

## for the year ended 31 July 2020

### 1. Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Scottish Funding Council (SFC) and the Terms and conditions of funding for higher education institutions issued by the Scottish Funding Council.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of derivative financial instruments. All amounts in the financial statements have been rounded to the nearest £1,000.

### 2. Going concern

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

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

University Court has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts the University Court is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the University of Stirling group will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The University Group generated a surplus after tax in 2019/20 of £12.0 million following a deficit of £32.3 million in the previous financial year. However, surplus generation alone does not ensure the going concern status of an organisation. The critical factor that management of the University have used to determine the going concern status of the University is whether it can generate cash and maintain sufficient working capital balances. In 2019/20 the University's net operating cash inflow was £9.3 million. In addition, the University has a balance sheet with a non-current asset of £227.1 million, net current assets of £29.8 million including a cash balance of £39.5 million at the statement of financial position date.

The University's forecasts and projections to 2021/22, taking account of future developments and reasonable sensitivities in relation to the key risks, indicate that the University will also deliver an accounting deficit in 2020/21. However notwithstanding, the forward projections indicate that the University will continue to generate a net cash inflow.

The financial scenario planning and stress testing undertaken by the University indicates that there are large external uncertainties which may need to be addressed in the near future: in particular, the continuing uncertainty posed by Covid-19, Brexit, and the stability of the Universities Superannuation Scheme. In the face of the unprecedented series of large uncertainties, the University has adopted a financially cautious stance. The solvency position is strong and cash is available, if required, to undertake material restructures in response to the resolution of these uncertainties

The University has access to a £10 million revolving credit facility, expiring in April 2027. However, to provide additional liquidity and resilience against future unexpected events, the University has put in place a £20 million loan through the Coronavirus Large Business Interruption Loan Scheme (CLBILS), available to December 2023.

The University will remain compliant with lender covenants during the period.

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

### 3. Basis of consolidation

The consolidated financial statements include the University, its subsidiaries and jointly controlled entities for the financial year to 31 July 2020. Intra-group transactions are eliminated on consolidation.

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

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

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

#### Provisions

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

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

FRS102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme, where the employer has entered into an agreement with

the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within USS. The recovery plan in the 2018 actuarial valuation requires employers to contribute 2% of salaries towards repairing the deficit over the period 1 October 2020 to 30 September 2021 at which point the rate will increase to 6%. Details of this provision, which has been discounted at a rate of 0.73% as at 31 July 2020, are included in note 19 to the financial statements.

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

|                                   | 2020         | 2019  |
|-----------------------------------|--------------|-------|
| <b>Discount rate</b>              | <b>0.73%</b> | 1.58% |
| <b>Pensionable payroll growth</b> | <b>2.19%</b> | 2.39% |

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

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

#### Defined benefit pension scheme – University of Stirling Pension Scheme (USPS)

The liability for the USPS scheme is shown in Note 30. A formal actuarial valuation has been carried out as at 31 July 2018. The liabilities for these accounting disclosures have been calculated by projecting the results of that valuation to 31 July 2020 by the actuary, XPS Pensions Group. The resulting liabilities have then been adjusted



to reflect the different assumptions used. The accounting disclosures are therefore heavily dependent on the results of the 31 July 2018 valuation and this approach is not as accurate as if the actuary had used actual census information as at 31 July 2020, but it is appropriate for the purpose of these disclosures and is in accordance with the provisions of FRS 102.

The results are highly sensitive both to the actuarial assumptions used and to market conditions. In previous years the discount rate was derived from a corporate bond yield curve constructed from A, AA and AAA rated corporate bonds and the yields available on these bonds. This year the discount rate has been based on a single agency AA yield curve in accordance with FRS102. The impact of this change is in an increased pension liability of c£6 million based on the discount rate below.

|                               | 2020  | 2019  | 2020 (based on 2019 assumption)                     |
|-------------------------------|---|---|---|
| <b>Approach</b>               | <b>Single agency AA yield curve at a 19-year duration</b> | XPS A-AA-AAA bond yield curve at a 19-year duration | XPS A-AA-AAA bond yield curve at a 19-year duration |
| <b>Relating discount rate</b> | <b>1.40%</b>  | 2.4%  | 1.70%   |

The approximate impact of a 0.1% change in the discount rate on the liability value and the consequence for the Scheme deficit is as follows:

| Assumption           | Change in assumption | Impact on liability |
|----------------------|----------------------|---------------------|
| <b>Discount rate</b> | Increase by 0.1%     | Decrease by £2m     |
|                      | Decrease by 0.1%     | Increase by £2m     |

### Inflation Assumptions

RPI – An inflation risk premium has been introduced to the RPI assumption of 0.2% at 31 July 2020, compared with 0.15% in 2018/19.

CPI – The long-term gap between RPI and CPI has been reduced by 10 basis points, from 1.0% to 0.9%, based on observed market movements, compared with 2018/19 methodology.

The key actuarial assumptions as at 31 July 2020 are set out in Note 30.

### Accounting for the impact of flood damage

In 2019, the University estate was impacted by a flood event that caused water ingress and subsequent damage to a number of residential, teaching and commercial buildings. Within these Financial Statements reinstatement expenditure of £4.1m has been recognised and matched by the partial release of the provision made in 2018-19. In addition, £4.1m of income received from insurers has been recognised and offset by the release of the insurance claim receivable made in 2018-19. A £1.7m provision has been recognised in relation to the costs agreed to be incurred in 2020-21, to reinstate the University to full operational capability that meets the test for a constructive obligation.

## 5. Income recognition

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

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

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

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

### Grant funding

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

## Capital grants

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

## Donations and endowments

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

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises, and as either restricted or unrestricted income according to the terms or restriction applied to the individual endowment fund.

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

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

## 6. Accounting for retirement benefits

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

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

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

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

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

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

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

## 7. 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.

## 8. Operating leases

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

## 9. 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 statement of financial position 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.

## 10. Fixed assets

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

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

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

### Land and buildings

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

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

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

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

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

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

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

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

### Equipment

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

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

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of the financial statements.

### **Borrowing costs**

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

### **Investment properties**

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

Subsequent to initial recognition:

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

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

### **Heritage assets**

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

## **11. Investments**

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

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

## **12. 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.

## **13. 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.

## **14. 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 statement of financial position but are disclosed in the notes.

## 15. Accounting for Joint Arrangements

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

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

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

## 16. 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 Paragraph 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.

## 17. Financial assets

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments.

## Financial Assets

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

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

### Loans and receivables

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

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

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

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

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

## **Financial Liabilities**

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

Loans are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

## **18. Reserves**

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

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

# Consolidated and University Statement of Comprehensive Income

|   | Notes | 2020           |                | 2019         |            |
|---|-------|----------------|----------------|--------------|------------|
|   |       | Consolidated   | University     | Consolidated | University |
|   |       | £'000          | £'000          | £'000        | £'000      |
| <b>Income</b>   |       |                |                |              |            |
| Scottish Funding Council Grants   | 1     | 46,050         | 46,050         | 45,923       | 45,923     |
| Tuition fees and education contracts  | 2     | 39,050         | 39,050         | 38,772       | 38,772     |
| Research grants and contracts   | 3     | 11,762         | 11,762         | 11,915       | 11,915     |
| Other income  | 4     | 24,039         | 24,039         | 28,734       | 28,734     |
| Investment income   | 5     | 234            | 234            | 427          | 427        |
| Donations and endowments  | 6     | 204            | 204            | 230          | 230        |
| <b>Total income</b>   |       | <b>121,339</b> | <b>121,339</b> | 126,000      | 126,000    |
| <b>Expenditure</b>  |       |                |                |              |            |
| Staff costs   | 7     | 80,437         | 80,437         | 76,917       | 76,917     |
| Movement on pensions  | 7     | (17,782)       | (17,782)       | 28,994       | 28,994     |
| Other operating expenses  |       | 33,301         | 33,315         | 40,342       | 40,342     |
| Depreciation and impairment   | 11    | 9,269          | 9,269          | 8,561        | 8,561      |
| Interest and other finance costs  | 8     | 3,503          | 3,503          | 3,060        | 3,060      |
| <b>Total expenditure</b>  | 9     | <b>108,728</b> | <b>108,742</b> | 157,874      | 157,874    |
| <b>Surplus / (deficit) before other gains / (losses) and share of operating surplus / (deficit) in joint ventures</b> |       | <b>12,611</b>  | <b>12,597</b>  | (31,873)     | (31,873)   |
| Gain on disposal of fixed assets  |       | 161            | 161            | 54           | 54         |
| (Loss) / Gain on investments  | 12    | (180)          | (180)          | 25           | 25         |
| Share of operating deficit in joint venture   | 13    | (617)          | -              | (489)        | -          |
| <b>Surplus / (Deficit) before tax</b>   |       | <b>11,975</b>  | <b>12,578</b>  | (32,283)     | (31,794)   |
| Taxation  | 10    | 0              | 0              | (1)          | (1)        |
| <b>Surplus / (Deficit) for the year</b>   |       | <b>11,975</b>  | <b>12,578</b>  | (32,284)     | (31,795)   |
| Actuarial (loss) / gain in respect of pension schemes   | 30    | (10,293)       | (10,293)       | (1,370)      | (1,370)    |
| <b>Total comprehensive income /(loss) for the year</b>  |       | <b>1,682</b>   | <b>2,285</b>   | (33,654)     | (33,165)   |
| <b>Represented by:</b>  |       |                |                |              |            |
| Endowment comprehensive income for the year   | 20    | (54)           | (54)           | 54           | 54         |
| Restricted comprehensive income for the year  | 21    | 90             | 90             | 99           | 99         |
| Unrestricted comprehensive income for the year  |       | 1,646          | 2,249          | (33,807)     | (33,318)   |
|   |       | <b>1,682</b>   | <b>2,285</b>   | (33,654)     | (33,165)   |

The notes on pages 42 to 62 form part of the financial statements.

# Consolidated and University Statement of Changes in Reserves

| Consolidated Statement   | Income and expenditure account |                   |                     | Total           |
|--|--------------------------------|-------------------|---------------------|-----------------|
|  | <i>Endowment</i>               | <i>Restricted</i> | <i>Unrestricted</i> |                 |
|  | £'000                          | £'000             | £'000               | £'000           |
| <b>Balance at 1 August 2018</b>                                | <b>1,776</b>                   | <b>2,741</b>      | <b>159,927</b>      | <b>164,444</b>  |
| Deficit from the income and expenditure statement              | -                              | -                 | (32,284)            | (32,284)        |
| Other comprehensive income                                     | -                              | -                 | (1,370)             | (1,370)         |
| Release of restricted funds spent in year                      |                                | 54                | 99                  | (153)           |
| <b>Total comprehensive income and expenditure for the year</b> | <b>54</b>                      | <b>99</b>         | <b>(33,807)</b>     | <b>(33,654)</b> |
| <b>Balance at 1 August 2019</b>                                | <b>1,830</b>                   | <b>2,840</b>      | <b>126,120</b>      | <b>130,790</b>  |
| Deficit from the income and expenditure statement              | -                              | -                 | 11,975              | 11,975          |
| Other comprehensive income                                     |                                |                   | (10,292)            | (10,292)        |
| Release of restricted funds spent in year                      | (54)                           | 90                | (36)                |                 |
| <b>Total comprehensive income and expenditure for the year</b> | <b>(54)</b>                    | <b>90</b>         | <b>1,647</b>        | <b>1,683</b>    |
| <b>Balance at 31 July 2020</b>                                 | <b>1,776</b>                   | <b>2,930</b>      | <b>127,767</b>      | <b>132,473</b>  |
| University   | Income and expenditure account |                   |                     | Total           |
|  | <i>Endowment</i>               | <i>Restricted</i> | <i>Unrestricted</i> |                 |
|  | £'000                          | £'000             | £'000               | £'000           |
| <b>Balance at 1 August 2018</b>                                | <b>1,776</b>                   | <b>2,741</b>      | <b>162,294</b>      | <b>166,811</b>  |
| Deficit from the income and expenditure statement              | -                              | -                 | (31,795)            | (31,795)        |
| Other comprehensive income                                     | -                              | -                 | (1,370)             | (1,370)         |
| Release of restricted funds spent in year                      | 54                             | 99                | (153)               |                 |
| <b>Total comprehensive income for the year</b>                 | <b>54</b>                      | <b>99</b>         | <b>(33,318)</b>     | <b>(33,165)</b> |
| <b>Balance at 1 August 2019</b>                                | <b>1,830</b>                   | <b>2,840</b>      | <b>128,976</b>      | <b>133,646</b>  |
| Surplus from the income and expenditure statement              | -                              | -                 | 12,578              | 12,578          |
| Other comprehensive income                                     | -                              | -                 | (10,293)            | (10,293)        |
| Release of restricted funds spent in year                      | (54)                           | 90                | (36)                | -               |
| <b>Total comprehensive income for the year</b>                 | <b>(54)</b>                    | <b>90</b>         | <b>2,249</b>        | <b>2,285</b>    |
| <b>Balance at 31 July 2020</b>                                 | <b>1,776</b>                   | <b>2,930</b>      | <b>131,225</b>      | <b>135,931</b>  |

The notes on pages 42 to 62 form part of the financial statements.



# Consolidated and University Statement of Financial Position

|   | Notes | 2020                  |                     | 2019                  |                     |
|---|-------|-----------------------|---------------------|-----------------------|---------------------|
|   |       | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| <b>Non-current assets</b>                               |       |                       |                     |                       |                     |
| Fixed assets  | 11    | 221,918               | 221,918             | 210,075               | 210,075             |
| Trade and other receivables                             |       | 3,005                 | 3,005               | 105                   | 105                 |
| Investment property                                     | 12    | 2,070                 | 2,070               | 2,250                 | 2,250               |
| Investment in joint venture                             | 13    | 124                   | -                   | 124                   | -                   |
|   |       | 227,117               | 226,993             | 212,554               | 212,430             |
| <b>Current assets</b>                                   |       |                       |                     |                       |                     |
| Stock   | 14    | 312                   | 312                 | 268                   | 268                 |
| Trade and other receivables                             | 15    | 20,827                | 20,789              | 26,717                | 26,836              |
| Investments   | 16    | 783                   | 783                 | 17,821                | 17,821              |
| Cash and cash equivalents                               | 22    | 39,519                | 39,475              | 33,842                | 33,608              |
|   |       | 61,441                | 61,359              | 78,648                | 78,533              |
| Less Creditors: amounts falling due within one year     | 17    | (31,691)              | (31,636)            | (31,497)              | (31,394)            |
| <b>Net current assets</b>                               |       | 29,750                | 29,723              | 47,151                | 47,139              |
| <b>Total assets less current liabilities</b>            |       | 256,867               | 256,716             | 259,705               | 259,569             |
| Creditors: amounts falling due after more than one year | 18    | (86,792)              | (86,792)            | (79,826)              | (79,826)            |
| <b>Provisions</b>                                       |       |                       |                     |                       |                     |
| USS Pension Provision                                   | 19    | (23,851)              | (23,851)            | (41,496)              | (41,496)            |
| Other provisions  | 19    | (3,264)               | (3,264)             | (7,633)               | (7,633)             |
| Joint Venture Loss Provision                            | 13    | (3,609)               | -                   | (2,992)               | -                   |
| Pension (liability) / asset                             | 30    | (6,878)               | (6,878)             | 3,032                 | 3,032               |
| <b>Total net assets</b>                                 |       | 132,473               | 135,931             | 130,790               | 133,646             |
| <b>Restricted Reserves</b>                              |       |                       |                     |                       |                     |
| Income and expenditure reserve - endowment reserve      | 20    | 1,776                 | 1,776               | 1,830                 | 1,830               |
| Income and expenditure reserve - restricted reserve     | 21    | 2,930                 | 2,930               | 2,840                 | 2,840               |
| <b>Unrestricted Reserves</b>                            |       |                       |                     |                       |                     |
| Income and expenditure reserve - unrestricted           |       | 127,767               | 131,225             | 126,120               | 128,976             |
| <b>Total Reserves</b>                                   |       | 132,473               | 135,931             | 130,790               | 133,646             |

The notes on pages 42 to 62 form part of the financial statements.

The Financial Statements were approved by the University Court on the 14 December 2020 and signed on its behalf by:



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



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



**L. McCabe**  
Executive Director of Finance

# Consolidated and University Statement of Cash Flow

|  | Notes | 2020            | 2019     |
|--|-------|-----------------|----------|
| <b>Cash flow from operating activities</b>                             |       | <b>£'000</b>    | £'000    |
| Surplus / (Deficit) for the year                                       |       | <b>11,975</b>   | (32,284) |
| <b>Adjustment for non-cash items</b>                                   |       |                 |          |
| Depreciation   | 11    | <b>9,269</b>    | 8,561    |
| Unrealised deficit / (surplus) on revaluation of investment properties | 12    | <b>180</b>      | (25)     |
| Revaluation of investments   |       | <b>(383)</b>    | 272      |
| Net (credit) / charge on USPS pension scheme less contribution         |       | <b>(383)</b>    | 272      |
| (Increase) / Decrease in stock   | 14    | <b>(44)</b>     | 50       |
| Decrease / (Increase) in debtors                                       | 15    | <b>5,890</b>    | (12,801) |
| Increase in creditors  |       | <b>599</b>      | 5,826    |
| (Decrease) / Increase in provisions and employee benefits              | 19    | <b>(20,247)</b> | 33,480   |
| Share of operating (surplus)/deficit in joint venture                  | 13    | <b>617</b>      | 489      |
|  |       |                 |          |
| <b>Adjustment for investing or financing activities</b>                |       |                 |          |
| Investment income  | 5     | <b>(191)</b>    | (349)    |
| Interest payable   | 8     | <b>2,924</b>    | 2,900    |
| Gain / (loss) on disposal of fixed assets                              |       | <b>(161)</b>    | (54)     |
| Capital grant income   | 1     | <b>(1,134)</b>  | (1,146)  |
| <b>Net cash inflow from operating activities</b>                       |       | <b>9,337</b>    | 4,874    |
|  |       |                 |          |
| <b>Cash flows from investing activities</b>                            |       |                 |          |
| Insurance Spend  |       | <b>(4,092)</b>  | (282)    |
| Insurance Receipt  |       | <b>2,324</b>    | 2,000    |
| Proceeds from sales of fixed assets                                    | 11    | <b>257</b>      | 909      |
| Capital grants receipts  | 1     | <b>1,134</b>    | 1,146    |
| Investment income  | 5     | <b>167</b>      | 382      |
| Payments made to acquire fixed assets                                  |       | <b>(21,610)</b> | (17,955) |
| Increase in non-current asset investments                              | 16    | <b>14,138</b>   | 19,943   |
| Payments made to acquire investment property                           |       | -               | 0        |
|  |       | <b>(7,682)</b>  | 6,143    |
|  |       |                 |          |
| <b>Cash flows from financing activities</b>                            |       |                 |          |
| Interest paid  | 8     | <b>(2,924)</b>  | (2,900)  |
| Receipt of unsecured loans   | 18    | <b>7,000</b>    | 0        |
| Repayments of loans  | 18    | <b>(54)</b>     | (35)     |
| <b>Net cash inflow from financing activities</b>                       |       | <b>4,022</b>    | (2,935)  |
|  |       |                 |          |
| <b>Increase / (Decrease) in cash and cash equivalents in the year</b>  |       | <b>5,677</b>    | 8,082    |
|  |       |                 |          |
| Cash and cash equivalents at beginning of the year                     | 22    | <b>33,842</b>   | 25,760   |
| Cash and cash equivalents at end of the year                           | 22    | <b>39,519</b>   | 33,842   |

The notes on pages 42 to 62 form part of the financial statements.

# Notes to the Accounts

|  | Notes | 2020         |            | 2019         |            |
|--|-------|--------------|------------|--------------|------------|
|  |       | Consolidated | University | Consolidated | University |
| <b>1 Scottish Funding Council Grants</b>       |       | £'000        | £'000      | £'000        | £'000      |
| General Fund - Teaching                        |       | 32,573       | 32,573     | 32,322       | 32,322     |
| General Fund - Research and Knowledge Exchange |       | 9,677        | 9,677      | 9,744        | 9,744      |
| Strategic Funding                              |       | 2,666        | 2,666      | 2,711        | 2,711      |
| Capital Maintenance Grant                      |       | 1,134        | 1,134      | 1,146        | 1,146      |
|  |       | 46,050       | 46,050     | 45,923       | 45,923     |
| <b>2 Tuition Fees and Education Contracts</b>  |       |              |            |              |            |
| Home   |       | 14,483       | 14,483     | 12,446       | 12,446     |
| EU   |       | 2,177        | 2,177      | 2,011        | 2,011      |
| Rest of the UK                                 |       | 6,152        | 6,152      | 7,324        | 7,324      |
| Non EU Fees                                    |       | 15,428       | 15,428     | 15,845       | 15,845     |
| Non Credit Bearing Course Fees                 |       | 363          | 363        | 434          | 434        |
| Other Contracts                                |       | 447          | 447        | 712          | 712        |
|  |       | 39,050       | 39,050     | 38,772       | 38,772     |
| <b>3 Research grants and contracts</b>         |       |              |            |              |            |
| Research councils                              |       | 4,581        | 4,581      | 4,155        | 4,155      |
| Research charities                             |       | 1,388        | 1,388      | 1,284        | 1,284      |
| Government (UK and overseas)                   |       | 2,447        | 2,447      | 2,939        | 2,939      |
| Industry and commerce                          |       | 180          | 180        | 319          | 319        |
| European Commission                            |       | 2,126        | 2,126      | 2,049        | 2,049      |
| Other Overseas                                 |       | 677          | 677        | 744          | 744        |
| Other  |       | 363          | 363        | 425          | 425        |
|  |       | 11,762       | 11,762     | 11,915       | 11,915     |
| <b>4 Other income</b>                          |       |              |            |              |            |
| Consultancy and other services rendered        |       | 1,795        | 1,795      | 1,821        | 1,821      |
| Commercial Services                            |       | 3,758        | 3,758      | 7,111        | 7,111      |
| Accommodation Services                         |       | 11,387       | 11,387     | 13,582       | 13,582     |
| Sport Development Services                     |       | 1,245        | 1,245      | 1,765        | 1,765      |
| Other income                                   |       | 4,419        | 4,419      | 4,455        | 4,455      |
| CJRS Grant Income                              |       | 1,435        | 1,435      |              |            |
|  |       | 24,039       | 24,039     | 28,734       | 28,734     |
| <b>5 Investment income</b>                     |       |              |            |              |            |
| Investment income on endowments                | 20    | 24           | 24         | 33           | 33         |
| Other investment income                        |       | 210          | 210        | 394          | 394        |
|  |       | 234          | 234        | 427          | 427        |
| <b>6 Donations and endowments</b>              |       |              |            |              |            |
| New endowments                                 | 20    | 1            | 1          | 22           | 22         |
| Donations with restrictions                    | 21    | 176          | 176        | 143          | 143        |
| Donations with restrictions PRC                |       | 21           | 21         | 27           | 27         |
| Unrestricted donations                         |       | 6            | 6          | 38           | 38         |
|  |       | 204          | 204        | 230          | 230        |

## Notes to the Accounts (continued)

|  | Notes | 2020            |                 | 2019         |            |
|--|-------|-----------------|-----------------|--------------|------------|
|  |       | Consolidated    | University      | Consolidated | University |
| <b>7 Staff costs</b>                       |       |                 |                 |              |            |
| Staff costs:                               |       |                 |                 |              |            |
| Salaries                                   |       | <b>62,410</b>   | <b>62,410</b>   | 60,726       | 60,726     |
| Social security costs                      |       | <b>5,874</b>    | <b>5,874</b>    | 5,799        | 5,799      |
| Apprenticeship Levy                        |       | <b>288</b>      | <b>288</b>      | 284          | 284        |
| Other pension costs                        |       | <b>11,865</b>   | <b>11,865</b>   | 10,108       | 10,108     |
| <b>Staff Cost before Pension movements</b> |       | <b>80,437</b>   | <b>80,437</b>   | 76,917       | 76,917     |
| Movement on USS provision                  |       | <b>(18,300)</b> | <b>(18,300)</b> | 27,792       | 27,792     |
| USPS Expenses                              |       | <b>269</b>      | <b>269</b>      | 251          | 251        |
| USPS Augmentation                          |       | <b>249</b>      | <b>249</b>      | 951          | 951        |
| <b>Total</b>                               |       | <b>62,655</b>   | <b>62,655</b>   | 105,911      | 105,911    |

|                                     | 2020         | 2019   | 2020          | 2019   |
|-------------------------------------|--------------|--------|---------------|--------|
| Staff numbers by major category :   | Number       | Number | £'000         | £'000  |
| Academic Schools                    | <b>660</b>   | 666    | <b>42,806</b> | 40,709 |
| Academic Services                   | <b>85</b>    | 86     | <b>4,534</b>  | 4,581  |
| Administration and Central Services | <b>272</b>   | 280    | <b>13,660</b> | 12,951 |
| Premises                            | <b>118</b>   | 119    | <b>3,065</b>  | 3,051  |
| Research Grants and Contracts       | <b>127</b>   | 133    | <b>7,072</b>  | 6,383  |
| Catering and residence              | <b>122</b>   | 112    | <b>5,182</b>  | 5,401  |
| Other                               | <b>102</b>   | 114    | <b>4,118</b>  | 3,841  |
| <b>Total</b>                        | <b>1,486</b> | 1,510  | <b>80,437</b> | 76,917 |

|                                    | 2020       | 2019       |
|------------------------------------|------------|------------|
| Emoluments of the Vice-Chancellor: | £'000      | £'000      |
| Salary                             | <b>290</b> | 280        |
| Benefits                           | <b>1</b>   | 1          |
| Pension contributions to USS       | <b>6</b>   | 6          |
| <b>Total</b>                       | <b>297</b> | <b>287</b> |

# Notes to the Accounts (continued)

## 7 Staff costs (continued)

### Pay Multiples

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

|  | <b>2020</b>    | 2019    |
|--|----------------|---------|
| Median Total Remuneration of all staff | <b>£43,409</b> | £39,673 |
| Remuneration Ratio                     | <b>6.8</b>     | 7.2     |

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

|                      | <b>All Staff</b>       |                |
|----------------------|------------------------|----------------|
|                      | <b>2020<br/>Number</b> | 2019<br>Number |
| £100,000 to £109,999 | <b>17</b>              | 15             |
| £110,000 to £119,999 | <b>8</b>               | 6              |
| £120,000 to £129,999 | <b>3</b>               | 3              |
| £130,000 to £139,999 | <b>3</b>               | 1              |
| £140,000 to £149,999 | <b>1</b>               | 1              |
| £150,000 to £159,999 |                        | 1              |
| £160,000 to £169,999 |                        | <b>1</b>       |
| £170,000 to £179,999 | <b>1</b>               | 1              |
| £180,000 to £189,999 |                        |                |
| £190,000 to £199,000 | 1                      |                |
| £200,000 to £210,000 | <b>1</b>               |                |
| <b>Total</b>         | <b>35</b>              | 29             |

### Compensation for loss of office payable to senior post-holders: 2 posts in 2019/20

|   | <b>2020</b>  | 2019  |
|---|--------------|-------|
|   | <b>£'000</b> | £'000 |
| Compensation payable recorded within staff costs: | <b>80</b>    |       |

# Notes to the Accounts (continued)

## 7 Staff costs (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 ten positions:

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

### Key management personnel compensation

|                                       | 2020  | 2019  |
|---------------------------------------|-------|-------|
|                                       | £'000 | £'000 |
| Salary, pensions and other emoluments | 1,734 | 1,659 |

### 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  | 2020      |             |           |          | 2019      |             |          |          |
|--|--|-----------|-------------|-----------|----------|-----------|-------------|----------|----------|
|  |  | Income    | Expenditure | Debtor    | Creditor | Income    | Expenditure | Debtor   | Creditor |
|  |  | £'000     | £'000       | £'000     | £'000    | £'000     | £'000       | £'000    | £'000    |
| Carnegie Trust                         | Francis Gerard McCormac  | 33        | -           | -         | -        | -         | -           | -        | -        |
| University of Stirling Students' Union | Nelson Maxwell Acquah;<br>Josh Muirhead;<br>Chloe Whyte;<br>Amy Smith;<br>Mary Allison | 13        | 385         | 17        | -        | 47        | 348         | -        | -        |
| <b>Total</b>                           |  | <b>46</b> | <b>385</b>  | <b>17</b> | <b>-</b> | <b>47</b> | <b>348</b>  | <b>-</b> | <b>-</b> |

The only expenses paid to court members in 2019/20 or 2018/19 were those paid to reimburse members for out of pocket expenses.

# Notes to the Accounts (continued)

|   | Notes | 2020                  |                     | 2019                  |                     |
|---|-------|-----------------------|---------------------|-----------------------|---------------------|
|   |       | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| <b>8 Interest and other finance costs</b>                           |       |                       |                     |                       |                     |
| Loan interest   |       | 2,924                 | 2,924               | 2,900                 | 2,900               |
| Unwinding of USS pension provision                                  | 19    | 656                   | 656                 | 290                   | 290                 |
| Net charge on pension scheme  |       | (77)                  | (77)                | (130)                 | (130)               |
| <b>Total</b>  |       | <b>3,503</b>          | <b>3,503</b>        | 3,060                 | 3,060               |
| <b>9 Analysis of total expenditure by activity</b>                  |       |                       |                     |                       |                     |
| Academic Schools  |       | 48,616                | 48,616              | 49,691                | 49,691              |
| Academic Services   |       | 9,214                 | 9,215               | 9,646                 | 9,646               |
| Administration and central services                                 |       | 21,134                | 21,134              | 22,731                | 22,731              |
| Premises (including service concession cost)                        |       | 13,257                | 13,257              | 11,988                | 11,988              |
| Research grants and contracts                                       |       | 9,794                 | 9,794               | 9,927                 | 9,927               |
| Consultancy and other services rendered                             |       | 1,081                 | 1,081               | 1,274                 | 1,274               |
| Commercial Services   |       | 5,260                 | 5,273               | 6,145                 | 6,145               |
| Accommodation Services  |       | 10,604                | 10,604              | 11,582                | 11,582              |
| Sports Development Services   |       | 2,963                 | 2,963               | 3,008                 | 3,008               |
| Early Retirement and Severance                                      |       | 671                   | 671                 | 265                   | 265                 |
| Pensions (USS and USPS)   |       | (18,028)              | (18,028)            | 28,355                | 28,355              |
| Other expenses  |       | 4,162                 | 4,162               | 3,262                 | 3,262               |
| <b>Total</b>  |       | <b>108,728</b>        | <b>108,742</b>      | 157,874               | 157,874             |
| Other operating expenses include:                                   |       |                       |                     |                       |                     |
| External auditors remuneration in respect of audit services         |       | 74                    | 74                  | 67                    | 67                  |
| External auditors remuneration in respect of non-audit services     |       | 46                    | 46                  | 103                   | 130                 |
| Internal auditors remuneration                                      |       | 81                    | 81                  | 79                    | 79                  |
| USPS Contributions  |       | 824                   | 824                 | 800                   | 800                 |
| Operating lease rentals:- Land and buildings                        |       | 925                   | 925                 | 1,352                 | 1,352               |
| <b>10 Taxation</b>  |       |                       |                     |                       |                     |
| Recognised in the statement of comprehensive income and expenditure |       |                       |                     |                       |                     |
| Current tax expense   |       | 0                     | 0                   | 1                     | 1                   |

The tax expenses incurred in 2018/19 relates to withholding tax due to the Saudi Arabian tax authorities.

# Notes to the Accounts (continued)

## 11 Fixed Assets Consolidated and University

|                        | Freehold Land and Buildings | Leasehold Land and Buildings | Fixtures, Fittings and Equipment | Assets in the Course of Construction | Total          |
|------------------------|-----------------------------|------------------------------|----------------------------------|--------------------------------------|----------------|
|                        | £'000                       | £'000                        | £'000                            | £'000                                | £'000          |
| At 1 August 2019       | 218,829                     | 445                          | 26,164                           | 20,113                               | 265,551        |
| Additions              | 1,156                       | -                            | 946                              | 19,106                               | 21,208         |
| Transfers              | 5,370                       | -                            | 803                              | (6,173)                              | -              |
| Disposals              | (115)                       | -                            | (36)                             | -                                    | (151)          |
| <b>At 31 July 2020</b> | <b>225,240</b>              | <b>445</b>                   | <b>27,877</b>                    | <b>33,046</b>                        | <b>286,608</b> |
| At 1 August 2019       | 34,843                      | 80                           | 20,553                           | -                                    | 55,476         |
| Charge for the year    | 5,550                       | 13                           | 1,623                            | -                                    | 7,186          |
| Impairment loss        | 2,083                       | -                            | -                                | -                                    | 2,083          |
| Disposals              | (26)                        | -                            | (29)                             | -                                    | (55)           |
| <b>At 31 July 2020</b> | <b>42,450</b>               | <b>93</b>                    | <b>22,147</b>                    | <b>-</b>                             | <b>64,690</b>  |
| <b>Net book value</b>  |                             |                              |                                  |                                      |                |
| <b>At 31 July 2020</b> | <b>182,790</b>              | <b>352</b>                   | <b>5,730</b>                     | <b>33,046</b>                        | <b>221,918</b> |
| At 31 July 2019        | 183,986                     | 365                          | 5,611                            | 20,113                               | 210,075        |

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

### Freehold Land and Buildings

Freehold Land and Buildings contains £9.82m of freehold land (2018-19: £9.90m) which is not depreciated.

### Assets under construction

Assets under construction as at the 31 July 2020 include the following projects; the redevelopment of the sports facilities (£18.47m), the development known as Campus Central (£12.47m); Pathfoot teaching lab (£0.26m); Airthrey Castle building fabric protection (£0.14m) and Online Learning – Imperial/Insendi project (£0.32m).

### Software

Software with a net book value of £0.531m is included within equipment.

### Impairment

The impairment of existing buildings in 2019/20 totals £2.08m (2018/19 £1.01m) and has been necessary to enable construction of two major capital projects – Campus Central and the redevelopment of the sports facilities.



# Notes to the Accounts (continued)

## 11 Fixed Assets Consolidated and University (continued)

### Heritage Assets

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

*Library collections:* The University does not consider that reliable costs or valuation information can be obtained for the vast majority of items held in the library collections. This is due to the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The University does not therefore recognise these assets on its Statement of financial position, 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 Statement of financial position, other than recent acquisitions which are reported at cost when purchased.

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

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

## 12 Investment Property

|                      | 2020         |              | 2019         |            |
|----------------------|--------------|--------------|--------------|------------|
|                      | Consolidated | University   | Consolidated | University |
|                      | £'000        | £'000        | £'000        | £'000      |
| Balance at 1 August  | 2,250        | 2,250        | 2,225        | 2,225      |
| Change in Fair Value | (180)        | (180)        | 25           | 25         |
| <b>Total</b>         | <b>2,070</b> | <b>2,070</b> | 2,250        | 2,250      |

The University purchased Scion House in March 2018. The purpose of the building is to earn rental yields. A revaluation of the property was undertaken at the statement of financial position date of 31 July 2020 by the external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The change in the fair value of the asset was recognised in the statement of comprehensive income.

## 13 Investment in Joint Venture

### Stirling University Innovation Park Ltd (SUIP)

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

# Notes to the Accounts (continued)

## 13 Investment in Joint Venture (continued)

|   | Year ended 31 July 2020 |              | Year ended 31 July 2019 |       |
|---|-------------------------|--------------|-------------------------|-------|
|   | £'000                   | £'000        | £'000                   | £'000 |
| <b>Income and expenditure account</b>           |                         |              |                         |       |
| <b>Income</b>                                   |                         | <b>268</b>   |                         | 359   |
| Surplus / (Deficit) before tax                  |                         | <b>0</b>     |                         | 28    |
| <b>Balance sheet</b>                            |                         |              |                         |       |
| Fixed assets                                    | <b>245</b>              |              | 262                     |       |
| Current assets                                  | <b>180</b>              |              | 270                     |       |
|   |                         | <b>425</b>   |                         | 532   |
| Creditors: amounts due within one year          | <b>(291)</b>            |              | (372)                   |       |
| Creditors: amounts due after more than one year | <b>(10)</b>             |              | (36)                    |       |
|   |                         | <b>(301)</b> |                         | (408) |
| <b>Share of net assets</b>                      |                         | <b>124</b>   |                         | 124   |

### INTO University of Stirling LLP (INTO)

The University holds a 50% share in INTO University of Stirling LLP which is jointly controlled between the University and INTO University Partnerships Limited and 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 entity is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated statement of financial position of the University and 50% of its deficit is reported in the University's consolidate income and expenditure account.

|   | Year ended 31 July 2020 |                | Year ended 31 July 2019 |         |
|---|-------------------------|----------------|-------------------------|---------|
|   | £'000                   | £'000          | £'000                   | £'000   |
| <b>Income and expenditure account</b>           |                         |                |                         |         |
| Income  |                         | <b>1,962</b>   |                         | 2,416   |
| Deficit before tax                              |                         | <b>(617)</b>   |                         | (517)   |
| <b>Balance sheet</b>                            |                         |                |                         |         |
| Fixed assets                                    | <b>375</b>              |                | 359                     |         |
| Current assets                                  | <b>628</b>              |                | 1,523                   |         |
|   |                         | <b>1,003</b>   |                         | 1,882   |
| Creditors: amounts due within one year          | <b>(2,912)</b>          |                | (3,624)                 |         |
| Creditors: amounts due after more than one year | <b>(1,700)</b>          |                | (1,250)                 |         |
|   |                         | <b>(4,612)</b> |                         | (4,874) |
| <b>Share of net liabilities</b>                 |                         | <b>(3,609)</b> |                         | (2,992) |

# Notes to the Accounts (continued)

## 14 Stock

|                     | 2020         |            | 2019         |            |
|---------------------|--------------|------------|--------------|------------|
|                     | Consolidated | University | Consolidated | University |
|                     | £'000        | £'000      | £'000        | £'000      |
| General consumables | 312          | 312        | 268          | 268        |
| <b>Total</b>        | <b>312</b>   | <b>312</b> | <b>268</b>   | <b>268</b> |

## 15 Trade and other receivables

| Amounts falling due within one year: |               |               |               |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Research grants receivables          | 596           | 596           | 29            | 29            |
| Other trade receivables              | 10,218        | 10,180        | 15,351        | 15,471        |
| Prepayments and accrued income       | 10,013        | 10,013        | 11,337        | 11,336        |
| <b>Total</b>                         | <b>20,827</b> | <b>20,789</b> | <b>26,717</b> | <b>26,836</b> |

| Amounts falling due after more than one year: |              |              |            |            |
|---|--------------|--------------|------------|------------|
| Other receivables                             | 3,005        | 3,005        | 105        | 105        |
| <b>Total</b>                                  | <b>3,005</b> | <b>3,005</b> | <b>105</b> | <b>105</b> |

## 16 Current Investments

|                                 |            |            |               |               |
|---------------------------------|------------|------------|---------------|---------------|
| Short term investment in shares | 581        | 581        | 631           | 631           |
| Short term bonds                | 155        | 155        | 130           | 130           |
| Short term deposits             | 47         | 47         | 17,060        | 17,060        |
| <b>Total</b>                    | <b>783</b> | <b>783</b> | <b>17,821</b> | <b>17,821</b> |

## 17 Creditors: amounts falling due within one year

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Unsecured loans                            | 54            | 54            | 54            | 54            |
| Trade payables                             | 8,111         | 8,111         | 10,829        | 10,784        |
| Social security and other taxation payable | 1,837         | 1,827         | 1,992         | 1,979         |
| Accruals and deferred income               | 21,688        | 21,644        | 18,622        | 18,577        |
| <b>Total</b>                               | <b>31,691</b> | <b>31,636</b> | <b>31,497</b> | <b>31,394</b> |

### Deferred income

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

|                                     |               |               |              |              |
|-------------------------------------|---------------|---------------|--------------|--------------|
| Research grants received on account | 5,977         | 5,977         | 4,059        | 4,059        |
| Other income                        | 6,494         | 6,494         | 4,894        | 4,894        |
| <b>Total</b>                        | <b>12,471</b> | <b>12,471</b> | <b>8,953</b> | <b>8,953</b> |

# Notes to the Accounts (continued)

## 18 Creditors: amount falling due after more than one year

|  | 2020          |               | 2019         |            |
|--|---------------|---------------|--------------|------------|
|  | Consolidated  | University    | Consolidated | University |
|  | £'000         | £'000         | £'000        | £'000      |
| Unsecured loans                          | 86,792        | 86,792        | 79,826       | 79,826     |
| <b>Total</b>                             | <b>86,792</b> | <b>86,792</b> | 79,826       | 79,826     |
| Analysis of secured and unsecured loans: |               |               |              |            |
| Due within one year (Note 17)            | 54            | 54            | 54           | 54         |
| Due between one and two years            | 54            | 54            | 54           | 54         |
| Due between two and five years           | 1,159         | 1,159         | 161          | 161        |
| Due in five years or more                | 85,579        | 85,579        | 79,611       | 79,611     |
| <b>Total secured and unsecured loans</b> | <b>86,846</b> | <b>86,846</b> | 79,880       | 79,880     |

| Lender            | Amount        | Term | Interest rate               | Borrower   |
|-------------------|---------------|------|-----------------------------|------------|
|                   | £'000         |      | %                           |            |
| Lloyds TSB        | 0             | 2027 | 0.19%<br>above base<br>rate | University |
| Private Placement | 9,948         | 2033 | 3.65                        | University |
| Private Placement | 19,891        | 2036 | 3.77                        | University |
| Private Placement | 19,881        | 2048 | 3.96                        | University |
| Private Placement | 19,919        | 2043 | 3.28                        | University |
| Private Placement | 9,961         | 2048 | 3.32                        | University |
| Salix Loan        | 246           | 2025 | interest<br>free            | University |
| SFC               | 7,000         | 2039 | 0.25%                       | University |
| <b>Total</b>      | <b>86,846</b> |      |                             |            |

## 19 Provisions for Liabilities

### Consolidated and University

|                                    | Obligation to fund<br>deficit on USS<br>Pension Scheme | Other Provisions | Total         |
|------------------------------------|--|------------------|---------------|
|                                    | £'000  | £'000            | £'000         |
| At 1 August 2019                   | 41,496   | 7,633            | 49,129        |
| Change in expected contributions   | (17,352)   | -                | (17,352)      |
| Unwinding of discount factor       | 655  | -                | 655           |
| Deficit contributions paid         | (948)  | -                | (948)         |
| Utilised in year                   |  | (4,759)          | (4,759)       |
| Additions in 2019/20               |  | 1,082            | 1,082         |
| Unused amounts reversed in 2019/20 |  | (692)            | (692)         |
| <b>At 31 July 2020</b>             | <b>23,851</b>  | <b>3,264</b>     | <b>27,115</b> |

# Notes to the Accounts (continued)

## 19 Provisions for Liabilities (continued)

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

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

The recovery plan to fund the deficit was established in 2018 and will run for 10 years until March 2028. The University annual employer's contribution has an element which contributes to the recovery plan.

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

The obligation to fund the past deficit on the University of Stirling's Pension Scheme (USPS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance.

Management have assessed future employees within the USPS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The value of the provision increased substantially in 2019/20 resulting from actuarial losses and lower return on investment.

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

### Other Provisions

A provision of £1.7m has been recognised within other provisions due to the impact of the flood that the University suffered in 2019. The University's insurers confirmed that the damage will be reclaimable and as such an insurance claim has been recognised within debtors and a provision recognised in relation to the costs agreed to be incurred in order to reinstate the University to full operational capability that meets the test for a constructive obligation. The remaining £1.6m within other provisions relate to various individual provisions that because of their commercially sensitive nature cannot be disclosed.

# Notes to the Accounts (continued)

## 20 Endowment Reserves

### Consolidated and University

Restricted net assets relating to endowments are as follows:

|  | Restricted permanent endowments | Expendable endowments | 2020 Total   | 2019 Total   |
|--|---------------------------------|-----------------------|--------------|--------------|
|  | £'000                           | £'000                 | £'000        | £'000        |
| <b>Balances at 1 August 2019</b>                         |                                 |                       |              |              |
|  | 203                             | 1,285                 | <b>1,488</b> | 1,488        |
| Capital  |                                 |                       |              |              |
| Accumulated income                                       | 87                              | 255                   | <b>342</b>   | 288          |
|  | <b>290</b>                      | <b>1,540</b>          | <b>1,830</b> | <b>1,776</b> |
| New donations/transfer in to fund                        | -                               | 1                     | <b>1</b>     | 22           |
| Investment income  | 7                               | 18                    | <b>25</b>    | 33           |
| Expenditure  | (3)                             | (77)                  | <b>(80)</b>  | (1)          |
| <b>Total endowment comprehensive income for the year</b> | <b>4</b>                        | <b>(58)</b>           | <b>(54)</b>  | 54           |
|  |                                 |                       |              |              |
| <b>At 31 July 2020</b>                                   | <b>294</b>                      | <b>1,482</b>          | <b>1,776</b> | 1,830        |
|  |                                 |                       |              |              |
| <b>Represented by:</b>                                   |                                 |                       |              |              |
| Capital  | 203                             | 1,285                 | <b>1,488</b> | 1,488        |
| Accumulated income                                       | 91                              | 197                   | <b>288</b>   | 342          |
|  | <b>294</b>                      | <b>1,482</b>          | <b>1,776</b> | 1,830        |
|  |                                 |                       |              |              |
| <b>Analysis by asset:</b>                                |                                 |                       |              |              |
| Current and non-current asset investments                | 120                             | -                     | <b>120</b>   | 120          |
| Cash and cash equivalents                                | 174                             | 1,482                 | <b>1,656</b> | 1,710        |
|  | <b>294</b>                      | <b>1,482</b>          | <b>1,776</b> | 1,830        |

## 21 Restricted Reserve

### Consolidated and University

Reserves with restrictions are as follows:

|  | Research Investment Funds | Departmental Discretionary Funds | Donations    | 2020 Total   | 2019 Total |
|--|---------------------------|----------------------------------|--------------|--------------|------------|
|  | £'000                     | £'000                            | £'000        | £'000        | £'000      |
| <b>Balances at 1 August 2019</b>                   | <b>90</b>                 | <b>324</b>                       | <b>2,426</b> | <b>2,840</b> | 2,741      |
|  |                           |                                  |              | -            | -          |
| New donations / transfer in to fund                | -                         | -                                | <b>198</b>   | <b>198</b>   | 143        |
| Expenditure  | -                         | -                                | <b>(108)</b> | <b>(108)</b> | (44)       |
| Total restricted comprehensive income for the year | -                         | -                                | <b>90</b>    | <b>90</b>    | 99         |
| <b>At 31 July 2020</b>                             | <b>90</b>                 | <b>324</b>                       | <b>2,516</b> | <b>2,930</b> | 2,840      |

All restricted donations are general in purpose.

# Notes to the Accounts (continued)

## 22 Cash and cash equivalents

|                           | At 1 August<br>2019 | Cash<br>Flows | At 31 July<br>2020 |
|---------------------------|---------------------|---------------|--------------------|
| <b>Consolidated</b>       | <b>£'000</b>        | <b>£'000</b>  | <b>£'000</b>       |
| Cash and cash equivalents | 33,842              | 5,677         | 39,519             |
|                           | <b>33,842</b>       | <b>5,677</b>  | <b>39,519</b>      |

## 23 Financial Instruments

### Consolidated and University

#### Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities include:

|   | 2020             |                  | 2019         |            |
|---|------------------|------------------|--------------|------------|
|   | Consolidated     | University       | Consolidated | University |
|   | £'000            | £'000            | £'000        | £'000      |
| <b>Financial Assets</b>                               |                  |                  |              |            |
| Measured at fair value through Income and Expenditure | 120              | 120              | 120          | 120        |
| Assets measured at cost less impairment               | 65,924           | 65,842           | 78,260       | 78,145     |
|   | <b>66,044</b>    | <b>65,962</b>    | 78,380       | 78,265     |
| <b>Financial Liabilities</b>                          |                  |                  |              |            |
| Liabilities measured at amortised cost                | (36,551)         | (36,497)         | (31,442)     | (31,341)   |
| Loan commitments measured at amortised cost           | (86,846)         | (86,846)         | (79,880)     | (79,879)   |
|   | <b>(123,397)</b> | <b>(123,343)</b> | (111,322)    | (111,220)  |

### Risk Management

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

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

### Credit Risk

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

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management policy. At 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the statement of financial position.

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

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

# Notes to the Accounts (continued)

## 23 Financial Instruments (continued)

### Liquidity Risk

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

The University will have arrangements in place to meet unforeseen liquidity requirements. In particular the University must be able to meet ongoing commitments as they fall due.

### Foreign Currency Risk

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

### Interest Rate Risk

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

The University has loans totalling £86.85 million. The interest rate attached to the private placements are fixed over the term of each loan. Due to the low interest environment such loans have limited risk.

## 24 Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2020:

|                            | 31 July 2020          |                     | 31 July 2019          |                     |
|----------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                            | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| Commitments contracted for | 11,585                | 11,585              | 30,235                | 30,235              |
| <b>Total</b>               | <b>11,585</b>         | <b>11,585</b>       | <b>30,235</b>         | <b>30,235</b>       |

The University has entered into contractual commitments for the various projects including Campus Central Development (£8.0m) and the Sports Facilities Redevelopment (£1.5m) projects.

## 25 Contingent Liabilities

The University is a member of UMA (SR) Limited, a company formed to provide mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro rata share (University of Stirling 0.2%); spread using a member's loan facility over seven years. No liability has yet 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 2020 is £0.052 million.



# Notes to the Accounts (continued)

## 26 Lease obligations

Total rentals receivable under operating leases as lessor:

|   | 2020                        | 2019                        |
|---|-----------------------------|-----------------------------|
|   | Land and Buildings<br>£'000 | Land and Buildings<br>£'000 |
| <b>Receivable during the year</b>                       | <b>716</b>                  | 678                         |
| <b>Future minimum lease payments due:</b>               |                             |                             |
| Not later than 1 year                                   | 505                         | 424                         |
| Later than 1 year and not later than 5 years            | 1,369                       | 1,360                       |
| Later than 5 years                                      | 5,593                       | 4,581                       |
| <b>Total lease payments due</b>                         | <b>7,467</b>                | 6,365                       |
| Total rentals payable under operating leases as lessee: |                             |                             |
| <b>Payable during the year</b>                          | <b>925</b>                  | 1,352                       |
| <b>Future minimum lease payments due:</b>               |                             |                             |
| Not later than 1 year                                   | 881                         | 881                         |
| Later than 1 year and not later than 5 years            | 2,133                       | 1,732                       |
| Later than 5 years                                      | 2,592                       | 3,024                       |
| <b>Total lease payments due</b>                         | <b>5,606</b>                | 5,637                       |

## 27 Related Party Transactions

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

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

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

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

|  | 2020            |                      |                 |                   | 2019            |                      |                 |                   |
|--|-----------------|----------------------|-----------------|-------------------|-----------------|----------------------|-----------------|-------------------|
|  | Income<br>£'000 | Expenditure<br>£'000 | Debtor<br>£'000 | Creditor<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Debtor<br>£'000 | Creditor<br>£'000 |
| <b>Pension Providers</b>                           |                 |                      |                 |                   |                 |                      |                 |                   |
| University of Stirling Pension Scheme (USPS)       | -               | 824                  | -               | -                 | -               | 800                  | -               | -                 |
| <b>University Companies / Collaborations</b>       |                 |                      |                 |                   |                 |                      |                 |                   |
| Stirling University Innovation Park Ltd            | 325             | 93                   | 274             | 79                | 359             | 19                   | 491             | -                 |
| <b>Senior Management</b>                           |                 |                      |                 |                   |                 |                      |                 |                   |
| Association of Research Manager and Administrators | -               | 3                    | -               | -                 | -               | 7                    | -               | -                 |
| <b>Total</b>                                       | <b>325</b>      | <b>920</b>           | <b>274</b>      | <b>79</b>         | <b>359</b>      | <b>826</b>           | <b>491</b>      | <b>-</b>          |

# Notes to the Accounts (continued)

## 28 Subsidiary Undertakings

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

The University owns 100% of the issued share capital of Stirling University Residential Accommodation Limited (SURA).

The principal activity of the company is to design and construct residential accommodation for the residences project.

The company's results have been consolidated into the University's financial statements. The registered office of SURA is University of Stirling, Stirling, Scotland FK9 4LA.

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

The University owns 100% of the issued share capital of ordinary shares of UoS Education Limited. The principal activity of the company during the year was to be a member of and provide a revolving loan facility to INTO University of Stirling LLP.

The University consolidates UoS Education Limited, all the transactions in year between the University and UoS Education Limited are eliminated on consolidation. The registered office of UoS Education Limited is Finance Office, Cottrell Building, University of Stirling, Stirling, Scotland, FK9 4LA.

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

The University owns 100% of the issued share capital of ordinary shares in Stirling Salmon Limited, Stirling Aquaculture Ltd, SURE shelf Limited and IRIDIS Digital Limited. These companies have filed dormant accounts for financial year 2018/19.

As dormant companies they still require to be consolidated within the group accounts. The registered offices of these companies is Finance Office, University of Stirling, Stirling, Scotland, FK9 4LA.

## 29 HE Support Funds

|   | 2020       |                             |                            |                     |            | 2019       |
|---|------------|-----------------------------|----------------------------|---------------------|------------|------------|
|   | Childcare  | Undergraduate Discretionary | Postgraduate Discretionary | Nursing & Midwifery | Total      | Total      |
|   | £'000      | £'000                       | £'000                      | £'000               | £'000      | £'000      |
| Allocation received in year                 | (254)      | (530)                       | (79)                       | (43)                | (906)      | (818)      |
| Expenditure                                 | 211        | 548                         | 106                        | 42                  | 907        | 822        |
| Bank Interest                               | -          | (2)                         | -                          | (0)                 | (2)        | (2)        |
| Virements between funds                     | 42         | (16)                        | (26)                       | -                   | -          | -          |
| Previous Year loans repaid in academic year | -          | (1)                         | (0)                        | -                   | (1)        | (3)        |
| <b>Funds to be returned to SAAS</b>         | <b>(1)</b> | <b>(1)</b>                  | <b>1</b>                   | <b>(1)</b>          | <b>(2)</b> | <b>(1)</b> |

# Notes to the Accounts (continued)

## 30 Pension Schemes

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

|                                   | 2020   | 2019   |
|-----------------------------------|--------|--------|
|                                   | £'000  | £'000  |
| USS: Contributions paid           | 11,865 | 10,108 |
| USPS: Contributions paid          | 824    | 800    |
| Total Pensions Costs Note 7 and 9 | 12,689 | 10,908 |

### University Superannuation Scheme

The total credit to the Statement of Comprehensive Income and Expenditure (SOCIE) is (£5.78) million (2019 charge: £38.19 million) as shown in notes 7 and 8.

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2020 is underway but not yet completed.

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

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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

|                           | 2020  | 2019  |
|---------------------------|-------|-------|
| Discount rate             | 0.73% | 1.58% |
| Pensionable salary growth | n/a   | n/a   |
| Pension increases (CPI)   | 2.19% | 2.39% |

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows: -

|                                  | 2020  | 2019  |
|----------------------------------|---|---|
| Mortality base table             | <b>Pre-retirement</b>   |   |
|                                  | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.   | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.   |
|                                  | <b>Post retirement</b>  |   |
|                                  | 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.  | 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.  |
| Future improvements to mortality | CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females. | CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females. |

The current life expectancies on retirement at age 65 are:

|                                   |                      |               |
|-----------------------------------|----------------------|---------------|
|                                   | <b>2020</b>          | 2019          |
| Male currently aged 65 (years)    | <b>24.4</b>          | 24.6          |
| Females currently aged 65 (years) | <b>25.9</b>          | 26.1          |
| Males currently aged 45 (years)   | <b>26.3</b>          | 26.6          |
| Females currently aged 45 (years) | <b>27.7</b>          | 27.9          |
|                                   |                      |               |
|                                   | <b>2020</b>          | 2019          |
| Scheme assets                     | <b>£63.7 billion</b> | £67.4 billion |
| Total scheme liabilities          | <b>£67.3 billion</b> | £79.2 billion |
| FRS102 Total scheme deficit       | <b>£3.6 billion</b>  | £11.8 billion |
| FRS102 Total funding level        | <b>95%</b>           | 85%           |

### University of Stirling Pension Scheme

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

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

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

The results of the 31 July 2018 valuation have been projected to 31 July 2020 with allowance for cash flows over the period and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

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

|  | 2020           | 2019         |
|--|----------------|--------------|
|  | £'000          | £'000        |
| Defined benefit obligation               | (102,778)      | (89,848)     |
| Fair value of plan assets                | 95,900         | 92,880       |
| Net defined benefit asset                | (6,878)        | 3,032        |
| <b>Net amount recognised at year end</b> | <b>(6,878)</b> | <b>3,032</b> |

The amounts recognised in comprehensive income are:

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

|   | 2020          | 2019         |
|---|---------------|--------------|
|   | £'000         | £'000        |
| <b>Service cost:</b>  |               |              |
| Current service cost (net of employee contributions)                        | -             | -            |
| Administration expenses   | 269           | 251          |
| Loss on plan introductions, changes, curtailments and settlements           | 249           | 951          |
| Net interest (credit) / expense   | (77)          | (130)        |
| <b>Charge recognised in profit or loss</b>                                  | <b>441</b>    | <b>1,072</b> |
| Remeasurements of the net liability:  |               |              |
| Return on scheme assets (excluding amount included in net interest expense) | (3,424)       | (8,252)      |
| Actuarial losses / (gains)  | 13,717        | 9,622        |
| <b>Charge / (credit) recorded in other comprehensive income</b>             | <b>10,293</b> | <b>1,370</b> |
| <b>Total defined benefit cost / (credit)</b>                                | <b>10,734</b> | <b>2,442</b> |

The principal actuarial assumption used:

|  | 2020  | 2019  |
|--|-------|-------|
| Liability discount rate                          | 1.40% | 2.40% |
| Inflation assumption – RPI                       | 2.90% | 3.30% |
| Inflation assumption – CPI                       | 2.00% | 2.30% |
| Rate of increase in salaries                     | 2.00% | 2.30% |
| <b>Revaluation of deferred pensions:</b>         |       |       |
|  | 2020  | 2019  |
| - in line with CPI inflation capped at 5% p.a.   | .00%  | 2.20% |
| - in line with CPI inflation capped at 2.5% p.a. | 2.00% | 2.20% |

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

### Increases for pension payment:

|  | 2020  | 2019  |
|--|-------|-------|
| - in line with CPI inflation capped at 3% p.a.   | 1.80% | 2.00% |
| - in line with RPI inflation capped at 5% p.a.   | 2.10% | 2.30% |
| - in line with RPI inflation capped at 2.5% p.a. | 2.10% | 2.20% |
| - in line with CPI inflation capped at 5% p.a.   | 2.85% | 3.20% |

### Expected age at death of current pensioner at age 65:

|                             | 2020 | 2019 |
|-----------------------------|------|------|
| Male aged 65 at year end:   | 85.7 | 85.6 |
| Female aged 65 at year end: | 87.5 | 87.4 |

### Expected age at death of current pensioner at age 65:

|                             |      |      |
|-----------------------------|------|------|
| Male aged 45 at year end:   | 87.3 | 87.2 |
| Female aged 45 at year end: | 89.0 | 88.9 |

### Reconciliation of scheme assets and liabilities:

|  | Assets<br>£'000 | Liabilities<br>£'000 | Total<br>£'000  |
|--|-----------------|----------------------|-----------------|
| <b>At start of period</b>  | 92,880          | (89,848)             | <b>3,032</b>    |
| Benefits paid  | (3,157)         | 3,157                | -               |
| Administration expenses  | (269)           | -                    | <b>(269)</b>    |
| Current Service Cost   | -               | -                    | -               |
| Contributions from the employer                                      | 824             | -                    | <b>824</b>      |
| Interest income / (expense)  | 2,198           | (2,121)              | <b>77</b>       |
| Return on assets (excluding amount included in net interest expense) | 3,424           | -                    | <b>3,424</b>    |
| Actuarial gains / (losses)   | -               | (13,717)             | <b>(13,717)</b> |
| Gain / (loss) on plan introductions and changes                      | -               | (249)                | <b>(249)</b>    |
| <b>At end of period</b>  | <b>95,900</b>   | <b>(102,778)</b>     | <b>(6,878)</b>  |

### The return on plan assets:

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Interest income   | 2,198         | 2,429         |
| Return on plan assets (excluding amount included in net interest expense) | 3,424         | 8,252         |
| <b>Total return on plan assets</b>  | <b>5,622</b>  | 10,681        |

# Notes to the Accounts (continued)

## 30 Pension Schemes (continued)

The major categories of scheme assets are as follows:

|                                     | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------|---------------|---------------|
| Return seeking                      | 35,297        | 53,006        |
| Bonds / LDI                         | 38,408        | 27,684        |
| Corporates                          | 3,213         | -             |
| Gilts                               | 2,085         | -             |
| Index Linked                        | 4,862         | 4060          |
| Property                            | 9,786         | 7,878         |
| Cash                                | 2,249         | 252           |
| <b>Total market value of assets</b> | <b>95,900</b> | <b>92,880</b> |

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

# Composition of Committees concerned directly with Finance

In the year ended 31 July 2019

## Membership of Audit Committee

Mr K Fraser (Chair) \*

Mr D Kearney \*

Ms M Khnichich \*

Rev M Roderick \*

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

Mr H Adam \*

Professor A Bowes

Professor G Burt

Mr H Grossart \*

Mr S Haldane (Chair) \*

Professor M MacLeod

Professor G McCormac

Ms B McKissack \*

Mr S Morrow (to 31/12/2019)

Mr J Muirhead

Professor G Ochoa

Professor R Oram

Professor J Phillips

Ms E Schofield

Ms A Smith (from 01/06/2020)

Professor Leigh Sparks

Ms C Whyte (from 04/11/2019 to 31/05/2020)

Professor N Wylie

\* Lay member



# The University Court

For the year to 31 July 2020

## Ex-Officio Members:

### Professor (Francis) Gerard McCormac

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

### Professor Malcolm MacLeod

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

### Councillor Christine Simpson

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

## Student Members:

### Ms Chloe Whyte from 4 November 2019 to 31 May 2020

President of the University of Stirling Students' Union

### Ms Amy Smith from 1 June 2020

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

### Mr Joshua Muirhead

Vice President Communities, University of Stirling Students' Union

## Lay Members:

### Mr Harry Adam

BA (Stirling), MCIPD, MIOD – Vice Chair of Court and Acting Chair of Court

### Ms Mary Allison

BA (Edinburgh), MA (Edinburgh)

### Dr Robert Black

MA (Aberdeen), MSc (Heriot Watt), MSc (Strathclyde), Hon DBA (Queen Margaret)

### Mr Kenny Fraser

BA (Stirling), ICAS

### Ms Susan Gordon Hardy

LLB (Glasgow), LLM (Tulane)

### Mr Hamish Grossart

BA (Stirling)

### Mr Scott Haldane

BA (Stirling), CA, FHFMA

### Mr Graham Hastie

BEng, MEng (Heriot Watt), MBA (INSEAD)

### Mr Douglas Kearney

BA (Stirling), CA

### Ms Barbara McKissack

BA (Stirling)

### Ms Catriona Morrison MBE

BSc (Glasgow), MSc (University of Alberta), PGDip (Stirling)

### Reverend Maggie Roderick

BA (Stirling), BD (St Andrews), DipCG (Strathclyde), DTS, DCA, FCTSI, FRSA

## Staff Members:

### Dr Paul Cowell

BA (Stirling), PGCert (Stirling) MSc (Edinburgh), PhD (Stirling)  
– Academic member of staff elected by members of staff

### Ms Pam Crawford

MA (Edinburgh) PGDip (Strathclyde), MBA (Stirling)  
– Professional services member of staff elected by members of staff

### Professor Alison Green

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

### Professor Jayne Donaldson

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

### Professor Peter Hancock

MA (Oxon), MSc (Brunel), PhD (Stirling)  
– Member of Academic staff nominated by a trade union

### Mr George MacLeod

BSc (Robert Gordon), BSc (Stirling), MPhil  
– Member of Professional services staff nominated by a trade union

### Professor Holger Nehring

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

University of Stirling  
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Scotland UK

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**2019/2020**

University of Stirling  
Stirling FK9 4LA  
Scotland UK

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