

Report and Financial Statements



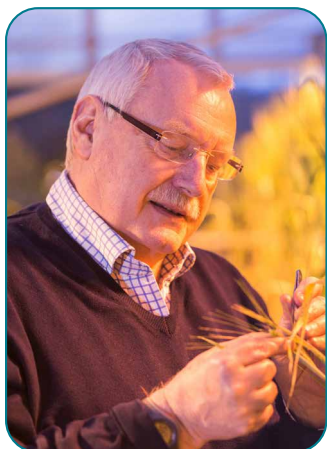
16 MONTHS TO 31 JULY 2025



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Principal's Report



It gives me great pleasure to introduce the Annual Financial Statements for the 16-month period ended 31 July 2025. This reporting period represents a transition year for SRUC, as we have aligned our financial year end to the academic calendar. This change will strengthen transparency, ensure clearer alignment between academic and financial planning, and better reflect the rhythm of our activities.

It is hard to believe it is only a year since we were awarded Taught Degree Awarding Powers (TDAP) for the very first time, something which was closely followed by the opening of Scotland's first new school of veterinary medicine in over 150 years. These were important milestones for SRUC, achieved during a period when financial pressures required us to be especially focused and disciplined in our decision making and judgement.

A highlight of the year has been the opening of two major facilities: our Rural and Veterinary Innovation Centre (RaVIC) in Inverness, which was opened by Anne, Princess Royal, and the Dairy Nexus at Barony, opened by Tom Arthur, Minister for Employment and Investment, and Kirsty McNeill, Parliamentary Under Secretary of State for Scotland.

These investments represent a strong commitment to advancing research and innovation, to strengthening our place based presence across Scotland, and to supporting the communities and businesses we serve. Their delivery in a financially constrained environment reflects careful planning and a clear focus on our long-term mission.

They are providing a platform for impactful collaborations with industry and partners, while also enhancing the student experience.

This is a golden era of science and technology, and we were also delighted to become the first higher education institution in Scotland to open a commercial-sized vertical farm.

With our expertise in key areas such as genomic prediction, synthetic biology and the application of machine learning and digital twinning, we are at the forefront of impactful science, while innovation and skills are embedded in our learning.

Our students and staff will now benefit from a two-school structure. Following the hugely successful opening of the School of Veterinary Medicine and Biosciences, we were thrilled to announce the creation of the School of Natural and Social Sciences, which focuses on interdisciplinary research and education to address global challenges such as food security and climate change.

For the first time, we are now able to offer our own degree courses to students from overseas, welcoming a cohort from countries like India, Pakistan and Nepal. Not only will this give us essential additional revenue, but it will also help create a richer, more diverse culture across our campuses. This diversification of our student community and income base is a key part of strengthening our long-term financial resilience.

But we cannot overlook the broader context in which we operate. The higher education sector in Scotland, and indeed across the UK, continues to face difficult financial and structural pressures. Despite these headwinds, SRUC has demonstrated resilience. I am pleased to note a clear turnaround in our operating results during the year, supported by the careful implementation of our financial recovery plan. We are well on track with this programme, which is designed not only to restore stability but also to lay the foundations for sustainable growth. The overall financial outcome for the year is affected by actuarial valuation for pensions, as detailed in the Group Financial Summary within the Strategic report.

Looking ahead, we remain committed to delivering high-quality education, pioneering translational research, and meaningful engagement with our communities.

We will also continue to diversify our income streams, with a focus on non-governmental commercial income streams. Our financial discipline and acumen will remain pivotal as we navigate ongoing pressures and ensure that investment decisions are targeted and aligned to our mission and purpose.

While challenges remain, the achievements of this past year give us confidence that we are moving in the right direction.

I would like to thank our staff, students, partners, and stakeholders for their continued commitment and support. Together, we will build on this momentum to secure a bright and sustainable future for SRUC.



Professor Wayne Powell
11 December 2025

Strategic Report

The directors present the Strategic Report of SRUC for the 16 months to 31 July 2025. The aim of the Strategic Report is to provide stakeholders with the ability to assess how the directors have performed their duty to promote the success of SRUC.

The format of the financial statements is in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). SRUC is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102.

Shaping Scotland's Natural Economy

SRUC is shaping the future of Scotland's natural economy. From pioneering vertical farming in Edinburgh to leading UK agricultural and veterinary research, we connect education, science, and enterprise to deliver real impact for students, businesses, communities, and the environment.

Our integrated tertiary model – combining research, teaching, and consultancy – make SRUC unique in the UK. This year, we operated across 6 campuses, 24 rural business offices, 5 Veterinary Disease Surveillance Centres and 6 farms. These facilities anchor us in rural communities while connecting us globally.

Constitution, Governance and Regulation

SRUC is a private company limited by guarantee, registered in Scotland, and a registered charity. The Board of Directors, who also serve as charity trustees, is responsible for the stewardship of SRUC and the proper management of its financial affairs. The Board ensures compliance with the Financial Memorandum and related guidance issued by the Scottish Funding Council (SFC).

SRUC's charitable activities are delivered through the parent company, while commercial activities are carried out by SRUC Innovation Limited. Profits from SRUC Innovation are, where possible, transferred by gift aid to SRUC, the charity.

A full statement of the Board's responsibilities is provided on page 23, Board membership is set out on page 11, and details of governance arrangements are given on pages 20–22.

The Principal and Chief Executive is appointed by the Board and is directly accountable to the Chief Executive of SFC for the proper use of public funds.

SRUC's educational activities are principally funded by SFC, with additional direct funding and contractual income from the Scottish Government in support of research, veterinary, and advisory work.

For the purposes of these financial statements, the SRUC Group as at 31 July 2025 comprises SRUC and its directly controlled subsidiaries: SRUC Innovation Limited and Agrecalc Limited.

Who We Are and What We Stand For

Vision

To be Scotland's Enterprise University at the heart of a sustainable natural economy.

Mission

To create and mobilise knowledge and talent, partnering locally and globally to benefit society.

Values

Respect – recognising that everyone contributes to our success.

Innovate – challenging the status quo to deliver better solutions.

Support – working across boundaries to share knowledge and help others.

Excel – striving for the highest standards in all we do.



Group Financial Review

SRUC made significant progress during the 16-month period to 31 July 2025 in stabilising its financial position and advancing towards long-term sustainability. The period represented both a transitional year (aligning the financial year end to the academic calendar) and a critical phase in implementing the Financial Recovery Plan (FRP).

The Group recorded an operating deficit of £6.7 million, compared with £10.8 million in the year ended 31 March 2024. This improvement was in line with the FRP trajectory, reflecting stronger income performance and tighter cost control, partly offset by inflationary pressures and investment in restructuring. While the result represents continued deficit trading, it evidences measured progress through a challenging sector environment, as SRUC continues to rebuild financial resilience in a deliberate and disciplined manner.

The period continued to test liquidity and resilience across the higher education sector. SRUC's cash and cash equivalents decreased to £10.6 million (2024: £14.6 million), primarily due to planned investment in transformational projects. These outflows were mitigated by the Scottish Funding Council's temporary deferral of loan repayments and the receipt of advanced income support under the FRP. The Group maintained adequate liquidity headroom and close oversight of cash forecasting.

Total net assets reduced to £15.7 million (2024: £28.8 million), mainly due to actuarial losses on defined-benefit pension schemes and the underlying operating deficit. While this represents a weaker balance-sheet position, SRUC's core assets provide a solid foundation for recovery and future growth.

2025 in Numbers

£6.7m operating deficit, reflecting decisive turnaround activity and rigorous cost control aligned with the Financial Recovery Plan – necessary steps to secure long-term sustainability despite challenging sector conditions. (Year Ended 31 March 2024: £10.8m deficit).

£13.1m invested in transformational projects, including grant-supported research innovation in Inverness and Dairy Nexus at our Barony site, as well as refurbishment of teaching facilities at King's Buildings in Edinburgh (Year Ended 31 March 2024: £13.5m).

£10.6m cash and equivalents, maintaining financial resilience (March 2024: £14.6m).

£1.1m net pension asset (March 2024: £5.4m asset) driven by improved discount rates and restricted by surplus disclosure limits due to legislation changes.

Results for the Year

Reconciliation of total comprehensive income to operating performance.

	16 Months to 31 July 2025 £m	31 March 2024 £m
Total comprehensive (loss)/income	(13.1)	5.4
Actuarial loss/(gain)	6.0	(7.1)
Movement in fair value of investments	(0.1)	(0.3)
Impairment	(0.3)	2.0
Release of deferred grants relating to impairment	0.2	-
Release of negative goodwill relating to impairment	-	(1.9)
Pension deficit contributions	1.1	1.4
Pension FRS102 year end adjustment	(1.6)	(1.8)
Severance costs	1.3	0.4
Gain on fixed asset disposals	(0.2)	(8.9)
Operating deficit	(6.7)	(10.8)

The Statement of Comprehensive Income shows a total comprehensive loss of £13.1 million (2024: surplus £5.4 million), driven primarily by actuarial movements on pension schemes. Excluding non-recurring items, the underlying operating deficit improved to £6.7 million (2024: £10.8 million).

Turnover increased as SRUC continued to expand research, innovation and commercial income streams, supported by an extended reporting period. This progress evidences growing demand for SRUC's applied expertise and partnerships across the land-based, environmental and food sectors.

SRUC continued to invest for impact, with £13.1 million directed to flagship projects including the Rural and Veterinary Innovation Centre (RaVIC), Dairy Nexus and refurbishment of lecturing and laboratory space at the King's Buildings in Edinburgh. These investments underpin SRUC's strategic ambition to drive sustainable economic growth across rural Scotland and beyond.

Liquidity and Financial Strength

Cash and cash equivalents stood at £10.6 million (2024: £14.6 million), a reduction consistent with planned capital expenditure on key strategic projects and lower operating cash flows. The reduction is partly offset by reduced finance costs following the temporary pause in SFC loan repayments and the receipt of advance funding from SFC. SRUC's treasury strategy remains deliberately conservative – prioritising security and flexibility while optimising returns on surplus funds.

Balance Sheet and Investment

At 31 July 2025, net assets were £15.7 million (2024: £28.8 million), and the reduction reflects lower cash balances and advance funding, resulting in decrease of net current assets. In addition, actuarial losses on pension contributed to the overall net assets decrease.

Tangible and intangible fixed assets increased to £70.8 million (2024: £65.3 million), reflecting continued investment in estate modernisation and digital capability. Major developments include RaVIC, the Edinburgh Vertical Farm, upgrades at the Central Faculty, and enhancements to SRUC's digital infrastructure—all critical to future research and learning delivery.

Pensions

SRUC reported a net pension asset of £1.1 million (2024: £5.4 million), reflecting market-driven changes in discount rates. The Group participates in four defined-benefit schemes that are accounted for using the full defined benefit method of accounting – three Local Government Pension Schemes and the Citrus scheme – all managed under robust governance and funding oversight. Assumptions continue to incorporate the estimated impacts of the GMP equalisation and McCloud rulings. Overall, SRUC's pension position remains stable and manageable within a sustainable long-term cost base.

Outlook and Financial Sustainability

SRUC enters the next financial period with renewed financial momentum and a clear path toward a sustainable operating model. Work is underway to finalise a refreshed financial framework and balanced-scorecard, aligning strategic objectives, performance measures and financial KPIs. This model will guide sustainable growth through disciplined resource allocation, improved staff-cost ratios, enhanced digital capability and a more efficient estate footprint.

The wider operating environment, however, remains highly challenging. Sector-wide funding constraints persist, with real-terms reductions in public funding, rising pay and pension costs, and continuing inflationary pressures on energy, estates and materials. The capped tuition fee regime limits scope for income growth, while uncertainty over future SFC funding allocations and tertiary reform adds to the complexity of financial planning. Institutions across Scotland are also experiencing volatility in research, commercial and philanthropic income streams, reflecting broader economic conditions.

Despite these headwinds, SRUC's prudent liquidity management, disciplined financial control, and growing portfolio of income-generating projects provide a solid foundation for future stability and investment.

Streamlined Energy and Carbon Reporting

SRUC provides the following information on its energy and carbon emissions for the reporting period of 16 months to 31 July 2025. The information presented covers all operations under SRUC's control, including academic, residential, administrative, and research facilities across its campuses. We comply with the Scottish Public Bodies Climate Change Duties and report Scope 1, 2, and 3 emissions annually as part of this requirement.

Energy Consumption and Carbon Emissions

Category	2024/25	2023/24
Scope 1: Direct emissions from owned or controlled sources (gas, fuel oil, fleet)	2,509 tCO ₂ e	1,686 tCO ₂ e
Scope 2: Indirect emissions from purchased electricity (location-based)	1,426 tCO ₂ e	1,067 tCO ₂ e
Total gross emissions (Scope 1 + 2)	3,925 tCO ₂ e	2,753 tCO ₂ e
Total energy consumption (kWh)	16,355,724 kWh	13,545,252 kWh
Scope 3: Business travel, waste, water	1,047 tCO ₂ e	1,822 tCO ₂ e

Intensity Ratio

To allow comparison of performance, the University has selected tonnes of CO₂e per m² gross internal area as its intensity ratio.

Intensity measure	2024/25	2023/24
tCO ₂ e / m ² gross internal area	31kg CO ₂ /m ²	28kg CO ₂ /m ²

Methodology

Emissions are calculated in accordance with the Climate Change (Scotland) Act 2009 and the Scottish Government’s Public Bodies Climate Change Duties, using conversion factors published by BEIS (now DESNZ) for the relevant reporting year.

Energy use data are obtained from metered consumption, supplier invoices, and travel expenditure reports.

SRUC continues to embed carbon and energy management across its operations and remains committed to improving the accuracy and completeness of its data as part of its wider sustainability and net zero carbon strategy.

Managing Risks in a Changing World

In common with other Higher Educational Institutions (HEIs), SRUC has to understand, manage and mitigate key risks which could impact key strategic objectives.

Significant Risks

- Financial sustainability
- Student recruitment
- Viability/suitability of the large estate
- Cyber-security threats
- Information security and data protection
- On-going economic volatility

We are responding by:

- Reshaping our operating model to reduce costs and carbon footprint.
- Embedding risk management through an institutional Strategic Risk Register and dedicated Risk Management Group.
- Working closely with SFC and government partners to secure sustainable funding.

Looking Ahead

As the tertiary education landscape continues to evolve, the coming period presents both opportunities and challenges. The Scottish Government's agenda for greater alignment across further and higher education will shape the environment in which we operate. We will continue to engage proactively in this dialogue, ensuring that SRUC remains a valued contributor to national priorities in terms of skills, research and innovation.

From the start of the new academic year, we have implemented a refreshed academic structure, moving to a two-school model. This development is designed to strengthen interdisciplinary collaboration, streamline our operations, and enhance the clarity of our academic offer. It will also provide a more robust framework for supporting students and staff, and for growing our research capacity.

We also look forward to welcoming a greater number of international students to our campuses. This marks an important milestone in broadening the reach of our educational mission and fostering a more diverse and vibrant community. Internationalisation will not only enrich the student experience but also expand our networks of research and partnership.

Together, these initiatives will position SRUC strongly for the future. By aligning with sector developments, refining our academic structures, and extending our global outlook, we are confident of continuing to deliver impact locally, nationally, and internationally.



Wayne Powell
Principal and Chief Executive
11 December 2025

Directors' Report

Registered No: SC103046

The directors present their report for the 16 month period ended 31 July 2025. The current directors and those who held office during the year and to the date of approval of the financial statements are:

	Date of Appointment	Date of Retirement	Status of Appointment
Professor W P Powell	1 July 2016	n/a	Chief Executive
Mr J Baker	12 June 2025	11 June 2028	Non-Executive
Mr D J Bell (Interim Chair from 11 Sept 2025)	15 Dec 2020	14 Dec 2026	Non-Executive
Ms A Brown	27 March 2024	19 July 2024	Non-Executive
Mrs J A Craigie	15 Dec 2020	11 June 2025	Non-Executive
Mr S Cunningham	12 June 2025	11 June 2028	Non-Executive
Professor Sir C P Downes	31 March 2021	30 March 2027	Non-Executive
Mrs L M Hanna MBE (Chair from 6 April 2022 to 10 September 2025)	6 April 2022	10 Sept 2025	Non-Executive
Dr K E Hayter	27 March 2024	26 March 2027	Non-Executive
Mr K Juskowiak	12 June 2025	11 June 2028	Non-Executive
Mrs M E Khnichich	13 June 2019	11 Dec 2025	Non-Executive
Ms F Larg MBE	27 March 2024	26 March 2027	Non-Executive
Mr O Mundell	12 June 2025	11 June 2028	Non-Executive
Mr A R Peddie	31 March 2021	30 March 2027	Non-Executive
Dr N Robertson	12 June 2025	11 June 2028	Non-Executive
Ch Sayers	15 Dec 2020	19 July 2024	Non-Executive
Professor M A Smith	14 Oct 2021	13 Oct 2027	Non-Executive
Dr Mia Aitchison (Union representative)	10 Dec 2019	9 Dec 2026	Non-Executive
J Chibueze (student member)	12 Sept 2024	30 June 2025	Non-Executive
S Corbett (student member)	1 July 2024	30 June 2025	Non-Executive
C Davidson (staff elected)	14 June 2022	13 June 2028	Non-Executive
D Ellen (student member)	14 Sept 2023	30 June 2024	Non-Executive
J Flynn (staff elected)	13 June 2023	12 June 2026	Non-Executive
J A Fortune (union representative)	1 August 2023	31 July 2026	Non-Executive
S Shirkie (student member)	1 July 2025	30 June 2026	Non-Executive
C A Stewart (student member)	14 Sept 2023	30 June 2024	Non-Executive
A House (student member)	1 July 2025	30 June 2026	Non-Executive
Mr D Overton	1 July 2024	13 Sept 2024	Non-Executive

Non-Executive Directors are appointed for a term of up to three years. They are eligible for reappointment for one further term. The Board reviews appointments on a quarterly basis and appointments do not necessarily run to the full term. The Chair is elected for a period of three years and may be appointed for a further consecutive period of three years. Staff members are elected for a term of three years and can choose to run for re-election for one further three-year term. Union representatives are appointed for a term of three years and can be nominated by the relevant Trades Union for one further three-year term. Students are appointed for one year – i.e. the length of their elected office – but if they are re-elected to the co-President position, they can choose to remain on the SRUC Board for a further one-year term.

The Executive Leadership Team (ELT) is responsible for the day-to-day management and during the period consisted of:

Principal and Chief Executive	Professor Wayne Powell
Provost and Deputy Principal	Professor Jamie Newbold
Chief Operating Officer and Deputy Chief Executive	Gavin Macgregor
Vice Principal Skills and Lifelong Learning	Dr Mary Thomson
Chief Financial Officer	Andrew Kirkness
Vice Principal Enterprise & Knowledge Exchange	Dr Susannah Bolton (until 31 March 2025)
Director of Strategic Delivery and Growth	Christine Milburn (from 1 April 2025)

Directors' Attendance

Details of the Directors' attendance record at Board meetings and relevant Board Committee meetings in the period 1 April 2024 to 31 July 2025 are set out below. The number in brackets represents the number of meetings that the Director was eligible, as a member of the Board or Committee, to attend during the year.

	SRUC Board	SRUC Innovation Ltd.	R&A Committee	F&E Committee	Audit & Risk Committee	Strategic Performance Committee
Number of meetings in period	5	4	5	5	5	5
Non-Executives SRUC						
Dr M Aitchison (Union representative)	4(5)					
Mr Jamie Baker	1(1)					
Mr David Bell*	5(5)	4(4)	1(1)		4(4)	
Ms Aileen Brown	1(1)			0(2)	1(1)	
Mr Jeremiah Chibueze (student member)	3(4)					
Mr Saul Corbett (student member)	3(4)		4(4)			
Mrs Jane Craigie	3(5)		3(3)		2(3)	
Mr Simon Cunningham	1(1)					
Mr Craig Davidson (academic staff member)	4(5)		0(1)		1(1)	
Prof Sir Peter Downes	4(5)				1(1)	5(5)
Miss Damson Ellen (student member)	0(1)		1(1)			
Mr Jarlath Flynn (non-academic staff member)	5(5)		4(4)			
Ms Julie Fortune (union representative)	5(5)					
Mrs Linda Hanna (Chair)	5(5)		4(5)			5(5)
Dr Katrina Hayter*	4(5)	3(4)				4(5)
Miss Alexandra House	0(0)					
Mr Kes Juskowiak	0(1)					
Mrs Margaret Khnichich	5(5)			5(5)		
Mrs Fiona Larg	4(5)				5(5)	
Mr Oliver Mundell MSP	1(1)					
Mr Dennis Overton*	1(2)	0(0)		2(2)		
Mr Andrew Peddie	4(5)			5(5)		
Dr Neil Robertson	1(1)					
Mr Chris Sayers	1(1)			1(2)		1(1)
Mr Schaun Shirkie	0(0)					

	SRUC Board	SRUC Innovation Ltd.	SRUC Ventures Ltd.	R&A Committee	F&E Committee	Audit & Risk Committee	Strategic Performance Committee
Prof Michael Smith*	5(5)	4(4)	2(2)	3(3)			
Ms Catherine Stewart (student member)	1(1)						
Prof. Wayne Powell (SRUC and SRUC Innovation Ltd.)	5(5)	3(4)	3(3)	5(5)**	4(5)**	4(5)**	5(5)
Prof. Jamie Newbold (SRUC Innovation Ltd.)	5(5)**	4(4)					3(5)**

* SRUC Innovation (formerly SAC Commercial) Board Non-Executive

** In attendance = attends meetings regularly and contributes, but is not a member of the committee/ Board

In addition, Board members regularly attend other important committees, including the Student Liaison Committee, Transformation Steering Group, Health & Safety, Equality, Diversity & Inclusion and Trusts.

Section 172(1) Statement – Companies Act 2006

This statement sets out how the Directors of SRUC have applied and complied with Section 172(1) of the Companies Act 2006 in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

The Directors of SRUC, as those of all UK companies, must act in accordance with a set of general duties set out in section 172 of the Companies Act 2006 (the Act). The Board of Directors of SRUC consider, both individually and together, that they have acted in the way, in good faith, that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 July 2025.

Decision Making and Oversight

The Board is collectively responsible for SRUC's long-term success. Directors receive induction on their statutory duties and take part in ongoing training informed by annual self-assessments.

Day-to-day operations are delegated to the Executive Leadership Team through a clear authority framework, ensuring that significant or unusual matters come to the Board for approval.

The Board maintains oversight through:

- **Monthly meetings with senior management,**
- **Regular review of performance, risk, governance and internal controls, and**
- **An annual strategy session to set business objectives with due regard to stakeholder interests, long-term impact, and SRUC's reputation.**

Engagement with Stakeholders

The Board of Directors at SRUC communicates effectively with its stakeholders and understands their views in order to act fairly towards the different groups. The following outlines the impact of the Board's regard of stakeholders when making decisions during the financial year.

Staff

We recognise that our people are central to SRUC's success. Staff are kept informed through the **SRUC Engage** platform, briefing sessions, and regular updates from leadership. Feedback is actively sought through surveys, enabling us to measure engagement, understand concerns, and adapt change programmes.

Students

Student voice is embedded across governance. The Students' Association (SRUCSA) is represented on the Board, the Academic Board, and other committees. In addition, SRUCSA runs regular Student Panel meetings, communicates through email, social media and the **MySRUC app**, and works closely with SRUC's Communications Team to keep students informed about teaching arrangements, policies and developments.

Wider Society

SRUC's mission commits us to sustainable development, ethical standards and strong community ties. Our **Corporate Social Responsibility Policy** and **Environmental Policy** guide our work, ensuring we deliver value not only for students and staff but also for the communities and industries we serve.

Corporate Social Responsibility Policy

Corporate social responsibility (CSR) represents a commitment by SRUC to behave fairly and responsibly, sustain economic development while improving the quality of life for staff as well as contributing to local communities and society. SRUC recognises that social, economic and environmental responsibilities to stakeholders in the land-based industries are integral to SRUC's mission, vision and values and business success.

SRUC's mission to enhance the sustainability of the land-based industries is at the heart of its CSR policy. SRUC aims to improve the competitiveness of the land-based sector and thereby enhance livelihoods. We are reducing our greenhouse gas emissions by introducing energy efficiency measures and adopting procurement policies that favour sustainably produced goods. Whenever feasible, SRUC promotes the adoption of modern and cleaner technologies by actively assisting its clients in minimising the environmental impacts of their operations.

SRUC is committed to ensuring that its business is carried out in all respects according to rigorous ethical, professional and legal standards.

SRUC values its staff. Our employment policies are directed at creating an environment that will attract, develop, motivate and reward employees of high calibre. Alongside its financial success as a business, SRUC recognises its responsibility to work in ways that add value to the lives of stakeholders and improve the world in which they live.

Policies and Commitments

Equality, Diversity and Inclusion (EDI) – We value equity, diversity and the development of inclusive working and learning environments for all. Our **activities** are structured around our legal obligations (specifically the Equality Act 2010 and supporting regulatory framework in Scotland) and additional commitments as published in our **equality outcomes** and **mainstreaming** reports. Our approach to equality impact assessments supports the embedding of equality in our policy and practice. SRUC's strategic equality outcomes are embedded in relevant strategies (e.g. Learning and Teaching Strategy, People and Organisational Development Strategy) and reflect our recent Athena Swan Bronze Award.

Disability – As a Disability Confident employer, we take a proactive, person-centred approach to supporting staff and applicants with disabilities, including reasonable adjustments.

Union Representation – During 2024/25, six staff served as union officials (5.1 FTE). Facility time costs were £12,936 (5% of the relevant pay bill).

Fair Work Practices – SRUC is a Scottish Living Wage employer, implementing the rate annually from its publication date. The institution recognises trade unions across all employee groups under a formal Recognition and Procedural Agreement and engages in regular consultation and negotiation, with no use of fire-and-rehire practices. Staff development is supported through induction, probation and sponsored education programmes. SRUC uses a small number of zero-hour contracts only where appropriate, with usage reported regularly to the recognised unions. The institution publishes an annual Gender Pay Gap Report, outlining actions to address inequalities, and recently achieved the Athena Swan Bronze Award. SRUC also promotes flexible and family-friendly working from day one of employment through a comprehensive suite of policies that meet, and in many cases exceed, legislative requirements.

Modern Slavery – SRUC has zero tolerance for slavery and human trafficking. All suppliers are required to comply with APUC's Supply Chain Code of Conduct, and our procurement processes include robust checks. All staff are trained on Modern Slavery as part of SRUC's corporate induction, and are required to undertake refresher training on a regular basis.

Environment – We are embedding sustainability into teaching, research, and consultancy. SRUC has committed to achieving net zero by 2040, ahead of the Scottish Government's 2045 target. This will be achieved through alignment of the United Nation's Sustainable Development Goals (SDGs), execution of our environmental strategy (Climate Change Action Plan), annual review process of our environmental policy, publication of our annual environmental report and continuous improvement of our robust environmental management system (EMS). Furthermore, we are fully committed to the Scottish Government's annual public bodies duty report that provides clear transparency of organisational carbon emissions. More detail is included in the Streamlined Energy and Carbon Report on page 8 of the Strategic report.

Health and Safety – We hold ISO 45001 accreditation, and our Health and Safety Policy emphasises leadership responsibility and continuous improvement. A revalidation audit in 2023 confirmed compliance.

Quality Assurance – SAC Consulting and SRUC Research hold ISO 9001, the Environment & Design Team is ISO 14001 certified, and Veterinary Services is accredited under ISO 17025. SRUC complies with the UK Quality Code for Higher Education and the Scottish Quality Enhancement Framework.

Payment Practices – SRUC follows the Better Payment Practice Code. At 31 July 2025, average creditor days were 39 (2024: 39). No interest was paid under the Late Payment of Commercial Debts legislation.

Third Party Indemnity Insurance

SRUC has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Directors' Statement on Going Concern

In line with the Financial Reporting Council's guidance on going concern, the Directors have undertaken a detailed review to assess the appropriateness of preparing the financial statements of SRUC on a going concern basis. The Directors are satisfied that this basis remains appropriate, having considered SRUC's financial position, forecast performance, and access to funding over a period of at least twelve months from the date of approval of these financial statements.

SRUC is a well-established higher education institution with a strong academic reputation and sustained demand for its programmes and research. Student recruitment for 2025/26 has been robust and resulting numbers reached the agreed targets. SRUC's flexible teaching model – combining digital delivery with campus-based learning – continues to support both recruitment and retention, while enabling efficient use of resources.

At 31 July 2025, the Group held £10.6 million of cash and cash equivalents (31 March 2024: £14.6 million) and net assets of £15.7 million (31 March 2024: £28.8 million). Total borrowings were £23.0 million, (31 March 2024: £23.0 million), comprising long-term loans at favourable fixed interest rates.

Management has prepared detailed cash-flow projections and financial forecasts covering the 2025/26 and 2026/27 financial years. These projections incorporate the impact of current economic conditions, cost inflation, student recruitment assumptions, and planned capital expenditure. The forecasts have been subject to sensitivity analysis, including downside scenarios on income and expenditure, to test resilience against adverse movements. In all scenarios modelled, SRUC is forecast to remain within available funding and maintain adequate cash balances throughout the assessment period.

The forecasts also reflect SRUC's continuing transformation agenda, encompassing estate rationalisation, digital infrastructure investment, and operational efficiency initiatives. Capital expenditure remains closely linked to strategic priorities with confirmed support from the SFC. The SFC has reiterated its ongoing financial support, including the extension of a £5 million income advance and one year repayment holiday totalling £2.1 million to March 2027.

The Board and Audit & Risk Committee have reviewed these forecasts and the associated stress-testing results. They have also considered the institution's progress in strengthening financial management, governance oversight, and long-term sustainability planning through the new financial framework and balanced-scorecard approach.

Based on this analysis, the Directors have a reasonable expectation that SRUC and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and will be able to meet their liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

SRUC has provided a formal letter of support to its subsidiary, SRUC Innovation Limited, confirming continued financial backing for the period of assessment.

Auditor

External audit services were subject to a competitive tender in 2020. RSM UK Audit LLP were successful and were appointed auditor on 11 February 2021. They were awarded contract for initial period of three years to 31 January 2024, with the option to extend the contract, by mutual consent, for two further periods of 12 months each. During the year, these extensions were awarded with the contract end date now being 31 January 2026. RSM UK Audit LLP offer themselves for reappointment.

Directors' Statement as to Disclosure of Information to External Auditor

The directors who were members of the Board at the time of approving the Directors' Report are listed in this report. Having made enquiries of fellow directors and of the company's external auditor, each of these directors confirms that:

- **to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's external auditor is unaware; and**
- **each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's external auditor is aware of that information.**

This report was approved by the Board on 11 December 2025 and signed on its behalf by:



David Bell
Chair



Wayne Powell
Principal and Chief Executive

Corporate Governance Statement

Why Governance Matters at SRUC

At SRUC, strong governance is the foundation of our success. It ensures accountability, transparency, and sustainability, while supporting our ambition to become Scotland's Enterprise University. Good governance at SRUC is not just about compliance – it enables bold decisions, responsible stewardship of resources, and confidence for all our stakeholders.

Compliance with the Scottish Code

SRUC is committed to best practice in corporate governance. In the opinion of the Board, SRUC complied with the principles and provisions of the 2023 Scottish Code of Good Higher Education Governance throughout the year.

We have fully implemented the requirements of the Higher Education Governance (Scotland) Act 2016, including updated Articles of Association adopted in March 2020 and further refined and adopted in June 2024. In September 2025, following Linda Hanna stepping down as a chair, an interim chair David Bell was appointed. The recruitment and election process for the new permanent chair has been initiated, as set out in the Act.

The SRUC Board

Composition – The Board comprises non-executive directors and the Principal & Chief Executive (the sole executive director). The Chair role is clearly separated from the Principal & Chief Executive role to ensure independence.

Size and Skills – Our Articles allow up to 20 directors (1 executive director (Principal) and 19 non-executives. Of the 19 non-executives – 1 is elected Chair, 2 are elected staff members, 2 are elected student members, and 2 are elected union members. The remaining 12 non-executives are external appointments). A skills matrix is used to guide recruitment and succession planning, ensuring diverse expertise and perspectives.

Responsibilities – The Board sets SRUC's strategic direction, approves major developments, and receives regular performance updates from the Executive Leadership Team (ELT).

Committees of the Board

To devote proper time to strategic issues, the Board delegates detailed oversight to formally constituted committees. Each has clear terms of reference, is chaired by a non-executive director, and reports to the Board after every meeting.

Academic Board

Oversees the planning, development and quality of SRUC's academic work, including representation from elected staff and students. The Academic Board meets at least once a term and is chaired by the Principal and Chief Executive or the Provost and Deputy Principal.

Remuneration and Appointments Committee

Oversees director appointments, senior pay, and employment terms. The Committee includes staff and student representatives in accordance with requirements of the 2023 Code and HEGA. The Remuneration and Appointments Committee determines the remuneration of executive directors including the Principal. It also considers overall pay and employment terms for the Group. It receives quarterly reports on institutional Equality, Diversity, and Inclusion work. The Remuneration and Appointments Committee meets a minimum of four times each year and is chaired by a non-executive Director and includes the Chair of the Board in its membership.

Audit and Risk Committee

The Audit and Risk Committee reviews the effectiveness of financial and internal control systems, in particular those relating to risk management, corporate governance, internal and external audit as well as overseeing compliance with legislation. The Committee is chaired by a non-executive member of the Board, includes an external independent member and meets a minimum of four times each year, with the external and internal auditor in attendance.

Finance and Estates Committee

The Finance and Estates Committee monitors the financial affairs of the Group and advises the Board on financial policy and planning. It also provides strategic direction for the Infrastructure Strategy and has responsibility for oversight of SRUC's estate. It is chaired by a non-executive member of the Board and meets a minimum of four times annually. As part of its remit, the Finance and Estates Committee discharges Trustee responsibilities regarding the administration, investment and disbursement of trust funds and reviews these on an annual basis.

Strategic Performance Committee

Focuses on strategic performance monitoring, provides updates to the Board on strategic delivery, receives reports and updates on key deliverables of strategic plan, and provides a forum for forward looking approach to strategy and discussion. The committee meets a minimum of four times annually and is chaired by a non-executive member of the Board and includes the Chair of the Board and the Principal and Chief Executive in its membership.

Internal Control and Risk Management

The Board is ultimately responsible for SRUC's system of internal control, with the Principal & Chief Executive accountable for reviewing its effectiveness. This system is designed to manage, rather than eliminate, risk and provides reasonable assurance against material misstatement or loss.

Key features include:

Strategic and Operational Planning – Annual planning cycle links performance review to forward strategy.

Risk Management – Strategic Risk Register regularly reviewed by the ELT, Audit & Risk Committee and Board. A formal risk appetite framework was introduced, and a Risk Management Group strengthens oversight.

Internal Audit – Externally delivered, with findings reported to the Audit & Risk Committee. Follow-up reviews ensure recommendations are implemented.

Independent Assurance – The Audit & Risk Committee meets with external and internal auditors at least once a year without executives present.

The Board confirms that a robust process for identifying, evaluating, and managing risks was in place throughout the 16 months to 31 July 2025 and up to the approval of these financial statements.

Governance in Practice

During the year, governance arrangements supported SRUC in:

- **Implementing new Board election and induction processes.**
- **Strengthening academic oversight through the Academic Board and its sub-committees.**
- **Embedding EDI considerations into remuneration and HR decisions.**
- **Updating committee terms of reference to ensure relevance and effectiveness.**
- **Enhancing director's going concern assessment by including its review into strategic oversight**



David Bell
Chair

11 December 2025



Wayne Powell
Principal and Chief Executive

11 December 2025

Statement of the Responsibilities of the Board of SRUC

The Board is responsible for ensuring that the affairs of SRUC are administered and managed appropriately including an effective system of internal control, and that audited financial statements are presented for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of SRUC, and ensure that the financial statements are prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice on Accounting in Higher Education Institutions, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between SRUC and SFC, the Board, through its designated Accountable Officer (Principal and Chief Executive), is required to prepare financial statements for each financial year which give a true and fair view of SRUC's state of affairs and of the surplus or deficit and cash flows for that year and comply with the principles of good governance set out in the 2023 Scottish Code of Good Higher Education Governance.

In causing the financial statements to be prepared, the Board has ensured that:

- **suitable accounting policies are selected and applied consistently;**
- **judgements and estimates are made that are reasonable and prudent;**
- **applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;**
- **financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation.**

The Board has taken reasonable steps to:

- **ensure that funds from Scottish Government and SFC and other public funding bodies are used only for the purposes for which they have been granted;**
- **ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;**
- **safeguard the assets of SRUC and prevent and detect fraud;**
- **secure the economical, efficient and effective management of SRUC's resources and expenditure.**

Independent Auditor's Report to the Trustees and Members of SRUC

Opinion

We have audited the financial statements of SRUC (the 'Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 July 2025 which comprise the Group and Company Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- **give a true and fair view of the state of the Group's and of the Charitable Company's affairs as at 31 July 2025 and of the Group's and the Charitable Company's deficit of income over expenditure and the Group's cash flows for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;**
- **have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.**

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- **the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and**
- **the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.**

Opinion on other matters prescribed by the Scottish Funding Council

In our opinion, in all material respects:

- **the requirements of the Scottish Funding Council's Accounts Direction for Universities have been met;**
- **monies expended out of Scottish Funding Council grants and other funds from whatever source administered by the Charitable Company for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and**
- **income has been applied in accordance with the Financial Memorandum with the Scottish Funding Council.**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- **adequate accounting records have not been kept by the University, or returns adequate for our audit have not been received from branches not visited by us; or**
- **the University financial statements are not in agreement with the accounting records and returns; or**
- **we have not received all the information and explanations we require for our audit.**

Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board of SRUC, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Charitable Company'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 the Board either intend to liquidate the Group or the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- **obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;**
- **inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;**
- **discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice for Further and Higher Education (published 2019), and the Scottish Funding Council Accounts Direction for Universities 2024/2025. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and checking off matters in the financial statements to the Accounts Direction issued by the Scottish Funding Council.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Funding Council regulations including the Financial Memorandum, employment legislation, health and safety legislation and the Data Protection Act 2018, and the Higher Education Governance Act 2016. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and contract revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, and reviewing a sample of contracts to confirm whether revenue had been recognised appropriately in line with costs incurred.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Board, as a body, in accordance with the Financial Memorandum published by the Scottish Funding Council, Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 (as amended) and our engagement letter dated 7 July 2025. Our audit work has been undertaken so that we might state to the Board, as a body, those matters we are required under our engagement letter dated 7 July 2025 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 Board, as a body, for our audit work, for this report, or for the opinions we have formed.

Kelly Adams

Kelly Adams
(Senior Statutory Auditor)
For and on behalf of

RSM UK AUDIT LLP
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
Date 19/12/25

RSM UK AUDIT LLP is eligible to act as an auditor in term of section 1212 of the Companies Act 2006

Group and Company Statement of Comprehensive Income – Period ended 31 July 2025

	Note	16 months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Income					
Scottish Government grants	1	21,395	16,409	16,064	12,354
Scottish Funding Council	2	38,930	30,292	38,967	30,251
Tuition fees and education contracts	3	10,619	6,465	10,618	6,463
Research grants and contracts	4	14,318	11,437	10,328	7,260
Advisory and consultancy contracts	5	25,770	16,838	1,423	876
Other operating income	6	13,334	9,933	4,803	3,126
Investment income	7	1,326	901	1,407	934
Total income before endowments and donations		125,692	92,275	83,610	61,264
Endowments and donations	8	13	7	1,113	7
Total Income		125,705	92,282	84,723	61,271
Expenditure					
Staff costs	9	77,991	58,277	75,011	55,734
Other operating expenditure		47,969	40,109	9,572	10,832
Depreciation and impairment	14-17	6,828	4,561	6,421	4,501
Interest and other finance costs	12	293	230	286	223
Total expenditure	11	133,081	103,177	91,290	71,290
Deficit before other gains and losses		(7,376)	(10,895)	(6,567)	(10,019)
Gain on disposal of fixed assets	13	160	8,877	162	8,873
Movement in value of investments		54	277	54	277
(Deficit)/Surplus for the year		(7,162)	(1,741)	(6,351)	(869)
Actuarial (loss)/ gain in respect of pension schemes	30	(5,950)	7,102	(5,950)	7,102
(Deficit)/Surplus for the year		(13,112)	5,361	(12,301)	6,233
Total comprehensive (loss) / income for the year		(13,112)	5,361	(12,301)	6,233
Trustees of the parent		(12,940)	5,553	(12,301)	6,233
Non-controlling interest		(172)	(192)	-	-
		(13,112)	5,361	(12,301)	6,233
Represented by:					
Endowment comprehensive income/ (loss) for the year		34	325	34	325
Unrestricted comprehensive income for the year		(12,974)	5,228	(12,335)	5,908
		(172)	(192)	-	-
Non-controlling interest		(13,112)	5,361	(12,301)	6,233

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves – Period ended 31 July 2025

	Endowment	Unrestricted	Attributable to the trustees of the parent	Non- controlling interest	Total
Group	£000	£000	£000	£000	£000
Balance at 1 April 2023	5,551	17,864	23,415	–	23,415
Transfer of interest	–	(78)	(78)	78	–
Surplus/(Deficit) from the income and expenditure statement	325	(1,874)	(1,549)	(192)	(1,741)
Other comprehensive income	–	7,102	7,102	–	7,102
Total comprehensive (loss)/ income for the year	<u>325</u>	<u>5,228</u>	<u>5,553</u>	<u>(192)</u>	<u>5,361</u>
Balance at 1 April 2024	5,876	23,014	28,890	(114)	28,776
Transfer of interest	–	(286)	(286)	286	–
Surplus/(Deficit) from the income and expenditure statement	34	(7,024)	(6,990)	(172)	(7,162)
Other comprehensive income	–	(5,950)	(5,950)	–	(5,950)
Total comprehensive (loss)/ income for the year	<u>34</u>	<u>(13,260)</u>	<u>(13,226)</u>	<u>114</u>	<u>(13,112)</u>
Balance at 31 July 2025	<u>5,910</u>	<u>9,754</u>	<u>15,664</u>	<u>–</u>	<u>15,664</u>

Statement of Changes in Reserves – Period ended 31 July 2025 (continued)

	Endowment	Unrestricted	Total
Company	£000	£000	£000
Balance at 1 April 2023	5,551	18,764	24,315
Deficit from the income and expenditure statement	325	(1,194)	(869)
Other comprehensive income	-	7,102	7,102
Total comprehensive income for the year	<u>325</u>	<u>5,908</u>	<u>6,233</u>
Balance at 1 April 2024	5,876	24,672	30,548
Surplus/(Deficit) from the income and expenditure statement	34	(6,385)	(6,351)
Other comprehensive income	-	(5,950)	(5,950)
Total comprehensive (loss)/income for the year	<u>34</u>	<u>(12,335)</u>	<u>(12,301)</u>
Balance at 31 July 2025	<u>5,910</u>	<u>12,337</u>	<u>18,247</u>

Balance Sheet at 31 July 2025

		Group		Company	
	Note	31 July 2025 £000	31 March 2024 £000	31 July 2025 £000	31 March 2024 £000
Non-current assets					
Intangible assets	14	2,446	3,168	1,989	2,631
Negative goodwill	15	(21,747)	(24,631)	(21,747)	(24,631)
Fixed assets	16	83,999	80,706	83,999	80,706
Investments	17	6,131	6,080	7,231	6,066
		70,829	65,323	71,472	64,772
Current assets					
Stocks	18	4,255	3,531	4,255	3,531
Debtors	19	15,844	20,875	13,688	19,017
Current asset investments	20	149	5,202	149	5,202
Cash at bank and in hand		10,496	9,440	10,452	8,761
Total current assets		30,744	39,048	28,544	36,511
Creditors: amounts falling due within one year	21	(30,317)	(28,983)	(26,177)	(24,123)
Net current assets		427	10,065	2,367	12,388
Total assets less current liabilities		71,256	75,388	73,839	77,160
Creditors: amounts falling due after one year	22	(56,218)	(51,440)	(56,218)	(51,440)
Provisions for liabilities	25	(483)	(616)	(483)	(616)
Net Defined benefit pension asset	30	1,109	5,444	1,109	5,444
Total Net Assets		15,664	28,776	18,247	30,548
Reserves					
Restricted reserve					
Endowment reserve	27	5,910	5,876	5,910	5,876
Unrestricted reserves		9,754	23,014	12,337	24,672
Reserves attributable to trustees of the parent		15,664	28,890	18,247	30,548
Non-controlling interest		-	(114)	-	-
Total Reserves		15,664	28,776	18,247	30,548

The financial statements were approved on 11 December 2025 and signed on behalf of the Board by:

David J Bell

David Bell
Chairman

Wayne Powell

Wayne Powell
Principal and Chief Executive

Group Cash Flow Statement for the Period Ended 31 July 2025

	Note	£000	16 months to 31 July 2025 £000	£000	31 March 2024 £000
Operating activities					
Net cash absorbed by operating activities	28		(3,090)		(12,127)
Investing activities					
Bank interest received		810		900	
Purchase of tangible fixed assets		(12,854)		(12,637)	
Purchase of intangible fixed assets		(483)		(816)	
Net proceeds from sale of assets		752		13,183	
Grants received		11,058		3,872	
Transfer (to)/from bank investments		5,053		(3,172)	
Net cash generated by investing activities			4,336		1,330
Financing activities					
New loans		-		-	
Repayment of bank loans		-		(1,671)	
Capital element of finance leases repaid		(41)		(41)	
Interest paid		(149)		(109)	
Net cash generated from financing activities			(190)		(1,821)
(Decrease)/Increase in cash and cash equivalents			1,056		(12,618)
Cash and cash equivalents at start of reporting period			9,440		22,058
Cash and cash equivalents at end of reporting period			10,496		9,440

Reconciliation of net cash flow to movement in net debt

	At 1 April 2024 £000	Cash flows £000	Non-cash movement £000	At 31 July 2025 £000
Cash in hand and at bank	9,440	1,056	-	10,496
Current asset investments	5,202	(5,053)	-	149
Loans	(22,951)	-	(20)	(22,971)
Finance Leases	(179)	85	-	(94)
Total	(8,488)	(3,912)	(20)	(12,420)

Statement of Principal Accounting Policies

Statement of Compliance

SRUC is a registered charity and company limited by guarantee incorporated in Scotland. The registered office is West Mains Road, Edinburgh EH9 3JG.

The group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the period ended 31 July 2025.

Basis of Preparation

These financial statements have been prepared under the historic cost convention, modified to include listed investments at their market value, and have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. SRUC is a public benefit entity and therefore has applied the relevant public benefit entity requirements of FRS 102. The exemption has been taken to prepare a standalone cash flow statement under SORP para 3.3.

Going Concern

In line with the Financial Reporting Council's guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The Group's financial statements for 2024/25 have been prepared on a going concern basis which SRUC management believe to be appropriate for the following reasons:

SRUC is well-established and renowned for its excellence in teaching, research and consultancy services. As such the demand for SRUC is work strong as evidenced by the student cohort for application for 2025–26 academic year, and we achieve a recurring portfolio of grant funded and related commercial revenue. SRUC's ability to adapt its teaching model and research provision to current demands is further enhanced by obtaining Taught Degree Awarding Powers.

Management has prepared detailed cash-flow projections and financial forecasts covering the 2025/26 and 2026/27 financial years. These projections incorporate the impact of current economic conditions, cost inflation, student recruitment assumptions, and planned capital expenditure. The forecasts have been subject to sensitivity analysis, including downside scenarios on income and expenditure, to test resilience against adverse movements. In all scenarios modelled, SRUC is forecast to remain within available funding and maintain adequate cash balances throughout the assessment period.

The forecasts also reflect SRUC's continuing transformation agenda, encompassing estate rationalisation, digital infrastructure investment, and operational efficiency initiatives. Capital expenditure remains closely linked to strategic priorities with confirmed support from the SFC. The SFC has reiterated its ongoing financial support, including the extension of a £5 million income advance and one year repayment holiday totalling £2.1 million to March 2027.

Based on the detailed cashflows prepared to 31st July 2027 and taking into account the matters set out above and the modelling of the associated impact, management has not identified any material uncertainties that would cast significant doubt on the Group's ability to continue as a going concern. Management is satisfied that it remains appropriate to prepare the SRUC and consolidated financial statements on a going concern basis.

Basis of Consolidation

The group financial statements include SRUC and its subsidiary and quasi-subsidiary undertakings. Intra-group transactions are eliminated on consolidation. The activities of the Student Representative Council have not been consolidated as SRUC has no financial interest and no control or significant influence over policy decisions. ID Mapps LTD is an associate which was formed to fulfil a specific research grant. ID Mapps LTD is not treated using the equity method on the basis of immateriality.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the Group's key sources of estimation uncertainty:

Pensions

The costs of defined benefit pension plans and unfunded pension benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. The impact of changes in the discount rate, life expectancy and inflation is included in note 30.

Goodwill

The group established a reliable estimate of the useful life of goodwill arising on business combination by using external valuers. This estimate is based mainly on the remaining useful lives of the underlying assets and is reassessed annually to ensure the value to the business has not been impaired.

Valuation of Fixed Assets

Management regularly reviews both external and internal sources of information to identify impairment indicators. During the year, expected useful life of some tangible assets were re-assessed and management identified impairment relating to this re-assessment.

Stock Valuation

The group establishes a reliable market value of farm stocks by using external valuers. Farm stocks are valued at deemed cost using HMRC guidance which states the deemed cost is 60% of open market value for cattle and 75% of open market value for sheep and pigs.

Doubtful Debt Provision

The group makes an estimate of the recoverability of trade and other debtors by considering the ageing of the outstanding debt, and the historic payment profile.

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. This is typically in line with work done and hence costs incurred.

Where applicable, surplus is calculated on a prudent basis to reflect the proportion of work carried out at the year end. Full provision for losses is made in the year in which the losses are first foreseen.

Judgements and Key Sources of Estimation Uncertainty

Project Expenditure recognised over amounts invoiced is reflected within debtors as 'Amounts Recoverable on Contracts'. The excess of Project Income received over amounts recognised as revenue is reflected within creditors as 'Payments Received in Advance'.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income 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 SRUC receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of SRUC where SRUC is exposed to minimal risk or enjoys minimal to no economic benefit related to the transaction.

Grant Funding

Grant funding including Scottish Funding Council education and research grants and research grants from government sources are recognised as income when SRUC is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. Grants (including research grants) from other sources are recognised in income when SRUC is entitled to the income and performance related conditions have been met.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed conditions are recognised in income when SRUC is entitled to the funds, that is when the conditions are met.

Donations with no terms or conditions are recognised in income when SRUC 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 restrictions applied to the individual endowment fund.

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

- 1. 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.**
- 2. Unrestricted donations.**

Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset that the grant is funding. Other capital grants are recognised in income when SRUC is entitled to the funds subject to any performance related conditions being met.

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 SRUC. Any unused benefits are accrued and measured as the additional amount SRUC expects to pay as a result of the unused entitlement.

Termination benefits are recognised immediately as an expense when SRUC is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Land and Buildings

Land and buildings are stated at cost. Freehold land is not depreciated. Freehold buildings, including any subsequent capital expenditure, are depreciated over their expected useful economic life to SRUC of up to 50 years. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Leased buildings are depreciated at the lower of the lease term and the useful economic life of the asset of up to 50 years.

Buildings acquired on merger have been valued at depreciated replacement cost which is deemed to be fair value on acquisition. Land acquired on merger has been valued at market value. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Impairment loss is recognised in the Statement of Comprehensive Income.

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

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

The Scottish Government (via the SFC) maintains an interest in tangible fixed assets funded by capital grants from them.

Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All capitalised equipment is stated at cost.

Capitalised equipment is depreciated on a straight-line basis over its useful life as follows:

- | | |
|---|---------------------|
| • Motor Vehicles | 4 years |
| • Computer and other equipment | 5 – 10 years |
| • Equipment acquired for specific research or projects | Project Life |

Software – Intangible Asset

Software is capitalised at cost where the software is directly involved with the creation of an asset or is an identifiable support to the business. Capitalised software is depreciated over 5–10 years. Software that is not capitalised is instead treated as a consumable and is expensed during the year of purchase. Amortisation of intangible assets is included under “depreciation and impairment” in the Statement of Comprehensive Income.

Accounting for Business Combinations and Associated Negative Goodwill

SRUC (which at the time was called SAC) merged with Barony College, Elmwood College and Oatridge College on 1 October 2012.

The merger was accounted for by the “acquisition method of accounting” in order to comply with the applicable financial reporting standard in effect at that time. At transition to FRS 102, the entity took the exemptions available to public benefit entities to not apply FRS 102.19 “Business Combinations and Goodwill” and therefore continues to recognise a negative goodwill balance in the year. Fair values are attributable to the net separable assets and liabilities.

The benefit arising as a consequence of no consideration having been paid by SAC for the net value of the assets acquired is included in the consolidated balance sheet as negative goodwill as a deduction from tangible and intangible fixed assets. The fair value of the benefit arising in relation to non-monetary assets is released to the income and expenditure account over the periods in which the non-monetary assets are recovered, whether through disposals or depreciation. The release is aligned with the corresponding depreciation charge relating to the assets.

Investments

Endowment asset investments relate to restricted endowments held in Trusts controlled by SRUC and are included in the balance sheet at valuation. Income less expenditure and net movements in the valuation are included in the Statement of Comprehensive Income and Expenditure.

Other listed investments are included at market value.

Investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income.

Where the investment in equity instruments is not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

The equity method is not used for investments where the impact is immaterial for the users of SRUC's financial statements.

Stocks

Stocks are stated at the lower of their cost or net realisable value. Farm stocks are valued at deemed cost using HMRC guidance which states the deemed cost is 60% of open market value for cattle and 75% of open market value for sheep and pigs.

Financial Instruments

Financial Assets

SRUC classes all its financial assets as basic. Basic financial assets, which include trade and other receivables, amounts recoverable on contracts and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets, other than those held at fair value through income and expenditure (such as fixed asset investments), are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when SRUC transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial Liabilities

SRUC classes all its financial liabilities as basic. Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when, and only when, SRUC's contractual obligations are discharged, cancelled, or expire.

Concessionary Loans

SRUC has various loans with the Scottish Funding Council (SFC) through the University Financial Transactions Funding programme. These loans are regarded as concessionary in line with the HE SORP (paragraph 26.9) as they are at rates between 0.25% and 1%, below prevailing market rate. These loans, in accordance with the principles set out in FRS 102.34 'Specialised Activities' for public benefit entities, are recorded at cost and are not discounted at a market rate of interest accordingly.

Taxation

SRUC is a charity within the meaning of Part 1, chapter 2, s7 of the Charities and Trustee Investment (Scotland) Act 2005 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478–488 CTA 2010 (formerly s505 of ICTA 1988) 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. SRUC receives no similar exemption in respect of Value Added Tax, the irrecoverable element of which is charged to expenditure.

SRUC's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation. Surpluses where they arise are passed by way of gift aid to SRUC.

Cash Flows and Cash Equivalents

Cash includes cash in hand and at the bank, deposits repayable on demand and bank overdrafts but excludes any assets held as endowment asset investments. Liquid resources include term deposits held as part of SRUC's treasury management activities but exclude any assets held as endowment asset investments.

Current Asset Investments

Current asset investments include cash held on short-term deposits with maturity longer than 3 months but less than 12 months.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income & expenditure for the financial year.

Provisions, Contingent Liabilities and Contingent Assets

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risk specific to the liability. Contingent liabilities are disclosed by way of a note when the definition of a provision is not met and includes three scenarios: possible rather than present obligation; a possible rather than a probable outflow of economic benefit; or an inability to reliably measure the possible outflow. Contingent assets are disclosed by way of a note, where there is a possible, rather than a present, asset arising from a past event.

Pensions

Retirement benefits to employees of the SRUC Group are provided by seven superannuation schemes being: the Research Council Pension Scheme (RCPS), the SRUC Group Pension Plan, the Citrus Pension Plan, the Dumfries and Galloway Council Pension Fund (DGCPF), the Fife Council Pension Fund (FCPF), the Lothian Pensions Fund (LPF) and Scottish Teachers' Superannuation Scheme (STSS).

The RCPS scheme is a defined benefit scheme. Contributions to the scheme are made in accordance with an agreed funding model and recognised in the income statement as insufficient information is available to use defined benefit accounting in accordance with FRS 102.28.

The STSS is an unfunded multi-employer defined benefit scheme and it is not possible to identify each institution's share of the liabilities therefore, contributions to the scheme are accounted for as if it were a defined contribution scheme. Obligations for contributions are recognised as an expense in the income statement in the periods during which service are rendered by employees.

The Group Pension Plan is a defined contribution scheme. Obligations for contributions are recognised as an expense in the income statement in the periods during which service are rendered by employees.

The Citrus Pension Plan and the local government pension schemes (DGCPF, FCPF and LPF) are defined benefit plans. Under defined benefit plans, SRUC'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 SRUC. SRUC recognises an asset/liability for its obligations under defined benefit plans net of plan assets. This net defined benefit asset/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 SRUC is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

For the LGPS schemes; in Scotland; until the introduction of the Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024 on 29 June 2024; the underlying regulations permitted the unconditional receipt of an exit credit and therefore in the prior year there was no restriction recorded on the net asset position for the pension scheme. In the current year; the asset has been restricted to the benefit available through reduced contributions.

Leases

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

Leasing agreements which transfer to SRUC substantially all the benefits and risks of ownership of an asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability of the lease term. Any lease premium or incentives are spread over the minimum lease term.

Reserves

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

Notes to the Financial Statements

1. Scottish Government Grants

	16 months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Recurrent grant				
Research and development	8,525	6,770	8,469	6,689
Advisory	10,484	8,065	5,209	4,091
	<u>19,009</u>	<u>14,835</u>	<u>13,678</u>	<u>10,780</u>
Release from deferred capital grants				
Buildings (note 24)	1,407	606	1,407	606
Equipment (note 24)	979	968	979	968
	<u>21,395</u>	<u>16,409</u>	<u>16,064</u>	<u>12,354</u>

2. Scottish Funding Council

	16 months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Education teaching HE	15,523	11,610	15,523	11,610
Education provision FE	12,969	9,626	12,969	9,626
Research and innovation	7,423	6,234	7,460	6,193
Condition survey grant	717	727	717	727
	<u>36,632</u>	<u>28,197</u>	<u>36,669</u>	<u>28,156</u>
Release from deferred capital grants				
Buildings (note 23)	129	96	129	96
Equipment (note 23)	2,169	1,999	2,169	1,999
	<u>38,930</u>	<u>30,292</u>	<u>38,967</u>	<u>30,251</u>

3. Tuition Fees and Education Contracts

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Home and EU higher education fees	3,272	1,853	3,273	1,853
Rest of UK	635	399	635	399
Non-EU students	162	105	162	105
UK further education students	38	-	38	-
	<u>4,107</u>	<u>2,357</u>	<u>4,108</u>	<u>2,357</u>
Education contracts	6,155	3,847	6,154	3,847
Short course fees	357	261	356	259
	<u>10,619</u>	<u>6,465</u>	<u>10,618</u>	<u>6,463</u>

4. Research Grants and Contracts

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
European Union	766	1,268	754	1,252
Research councils	2,410	1,251	1,995	1,251
UK public bodies	9,798	7,428	7,343	4,479
Other	1,344	1,490	236	278
	<u>14,318</u>	<u>11,437</u>	<u>10,328</u>	<u>7,260</u>

5. Advisory and Consultancy Contracts

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Consultancies and subscriptions	19,089	12,138	112	25
Analytical services	5,321	3,790	1,221	851
Farm accounts scheme	1,177	876	-	-
Publications	183	34	90	-
	<u>25,770</u>	<u>16,838</u>	<u>1,423</u>	<u>876</u>

6. Other Operating Income

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Residences, catering and conferences	1,983	1,677	1,981	1,677
Sales of farm products	7,009	5,072	-	-
Rents	420	396	414	275
Other income	3,922	2,788	2,408	1,174
	<u>13,334</u>	<u>9,933</u>	<u>4,803</u>	<u>3,126</u>

7. Investment Income

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Investment income on endowments	-	131	-	131
Interest on pension assets (note 30)	516	-	516	-
Interest on intercompany loan	-	-	81	-
Other investment income	810	770	810	803
	<u>1,326</u>	<u>901</u>	<u>1,407</u>	<u>934</u>

8. Donations and Endowments

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Donations (note 17)	-	-	1,100	-
New endowments	13	7	13	7
	<u>13</u>	<u>7</u>	<u>1,113</u>	<u>7</u>

9. Staff Costs

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Wages and salaries	61,517	46,898	59,108	44,831
Social security costs	6,894	4,902	6,648	4,698
Other pension costs	8,280	6,121	7,970	5,849
	<u>76,691</u>	<u>57,921</u>	<u>73,726</u>	<u>55,378</u>
Severance costs	1,300	356	1,285	356
	<u>77,991</u>	<u>58,277</u>	<u>75,011</u>	<u>55,734</u>

The severance costs are in respect of redundancy payments to employees whose employment has ceased and has been calculated in accordance with the SRUC redundancy policy which has been agreed with the trade unions and approved by the Board. It was paid in respect of 46 positions (2024: 24 positions).

The average monthly number of persons (including Executive Directors) employed by SRUC Group during the period was:

	16 Months to 31 July 2025 Number	Y/E 31 March 2024 Number
Academic teaching departments	234	257
Academic support	264	151
Research grants and contracts	142	235
Administration and central services	175	166
Premises and estates	22	28
Residencies, catering and conferences	6	11
Other including income generating operations	375	442
	<u>1,218</u>	<u>1,290</u>

9. Staff Costs (continued)

The average number of employees expressed as full-time equivalents was 1,063 (Year Ended 31 March 2024: 1,110).

	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
Analysis of the above Group staff costs by activity:		
Academic teaching departments	17,963	13,116
Academic support	12,746	4,832
Research grants and contracts	11,259	12,569
Administration and central services	10,061	7,547
Premises and estates	1,394	1,121
Residencies, catering and conferences	344	410
Other including income generating operations	22,924	18,326
	<u>76,691</u>	<u>57,921</u>
Severance costs	1,300	356
	<u>77,991</u>	<u>58,277</u>

The number of staff, including Executive Directors and Principal and Chief Executive, who received remuneration in the following ranges excluding employers' pension contributions was:

	12 Months to 31 July 2025 Group		Y/E 31 March 2024 Group	
	Number Directors	Number Other Staff	Number Directors	Number Other Staff
£100,001 to £110,000	-	3	-	7
£110,001 to £120,000	-	-	-	1
£120,001 to £130,000	-	1	-	1
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	2	-	1
£160,001 to £170,000	-	-	-	1
£170,001 to £180,000	-	-	-	-
£180,001 to £190,000	-	-	-	-
£190,001 to £200,000	-	-	-	-
£200,001 to £210,000	-	-	-	-
£210,001 to £220,000	1	-	1	-
	<u>1</u>	<u>6</u>	<u>1</u>	<u>11</u>

Included in the numbers of other staff is 1 staff member (Year Ended 31 March 2024: 1) who received severance payments.

9. Staff Costs (continued)

Key Management Personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the college.

The costs below represent the costs of the members of the Executive Leadership Team (ELT) for the period. Staff costs include compensation paid to key management personnel. The ELT membership is listed on page 12.

	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
Key management personnel compensation	1,126	1,072
Number of staff	7	8

10. Directors' Remuneration

	16 Months to 31 July 2025	Y/E 31 March 2024
The number of Executive Directors during the period including the Principal and Chief Executive	1	1

	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
Salaries (including benefits in kind)	293	217
Fees (Non-Executive Directors)	81	162
Pension contributions	73	47
	447	426

10. Directors' Remuneration (continued)

The emoluments of the Principal and Chief Executive (also the highest paid director)

	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
Salary	282	207
Taxable benefits	11	10
Pension	73	47
	<u>366</u>	<u>264</u>

The annualised remuneration of the Principal in the period ended 31 July 2025 was £264k (Year Ended 31 March 2024: £264k). This was 6.3 times (Year Ended 31 March 2024 – 6.1 times) the median of the total remuneration of the workforce and 5.5 times (Year Ended 31 March 2024 – 5.2 times) the median salary of the workforce.

A proportion of the Non-Executive Directors fees are recharged to a subsidiary undertaking, SRUC Innovation Limited (formerly SAC Commercial Limited).

11. Analysis of Total Operating Expenditure by Activity

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Academic departments	37,859	24,539	32,117	19,878
Research grants and contracts	19,001	17,507	16,148	15,023
Administration and central services	17,051	14,858	12,211	10,266
Premises and estates	11,273	8,656	9,248	6,701
Residencies, catering and conferences	6,114	5,777	5,277	5,317
Other including income generating operations	34,662	27,049	9,582	9,597
Depreciation, amortisation and impairment	9,712	7,630	9,305	7,354
Release of negative goodwill	(2,884)	(3,069)	(2,884)	(3,069)
Interest	293	230	286	223
	<u>133,081</u>	<u>103,177</u>	<u>91,290</u>	<u>71,290</u>

11. Analysis of Total Operating Expenditure by Activity (continued)

Other operating expenditure includes:

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Operating lease rentals	1,413	1,217	679	859
Depreciation	8,892	5,304	8,892	5,304
Amortisation	455	349	374	290
Impairment	351	1,977	351	1,977
Release of negative goodwill	(2,884)	(3,069)	(2,884)	(3,069)
Fees charged by external auditor: SRUC and subsidiary companies				
Audit fee for the company	246	92	246	92
Audit-related assurance services	-	2	-	2
Other compliance work	-	-	-	-
Fees charged by internal auditor: Internal audit services	105	73	105	73

12. Interest and Other Finance Costs

	16 Months to 31 July 2025 Group £000	Y/E 31 March 2024 Group £000	16 Months to 31 July 2025 Company £000	Y/E 31 March 2024 Company £000
Loan interest	186	102	179	102
Finance leases	4	7	4	-
Net interest charge – pension schemes	103	121	103	121
	<u>293</u>	<u>230</u>	<u>286</u>	<u>223</u>

13. Gain on Disposal of Fixed Assets

	Group			
	Proceeds £000	Net book value £000	16 Months to 31 July 2025 Gain (loss) on disposal £000	Y/E 31 March 2024 Gain on disposal £000
Land and buildings	584	596	(12)	8,815
Equipment	138	1	137	58
Company	722	597	125	8,873
Vehicles	35	-	35	4
	<u>757</u>	<u>597</u>	<u>160</u>	<u>8,877</u>

	Company			
	Proceeds £000	Net book value £000	16 Months to 31 July 2025 Gain (loss) on disposal £000	Y/E 31 March 2024 Gain on disposal £000
Land and buildings	584	594	(10)	8,815
Equipment	138	1	137	58
Company	722	595	127	8,873
Vehicles	35	-	35	-
	<u>757</u>	<u>595</u>	<u>162</u>	<u>8,873</u>

Included in the disposal proceeds in the comparative year to 31 March 2024 is compensation that SRUC received from a Land tribunal hearing.

14. Intangible Fixed Assets

	Group Software £000	Company Software £000
Cost or fair value:		
1 April 2024	6,266	5,670
Additions	483	483
Disposals	(793)	(793)
31 July 2025	<u>5,956</u>	<u>5,360</u>
Depreciation:		
1 April 2024	3,098	3,039
Charge for period	455	374
Disposals	(43)	(43)
31 July 2025	<u>3,510</u>	<u>3,370</u>
Net Book Value:		
31 July 2025	<u>2,446</u>	<u>1,989</u>
31 March 2024	<u>3,168</u>	<u>2,631</u>

Included in disposals are items with a carrying value of £750k at 31 July 2025 which were charged to Other expenditure in the Statement of Comprehensive Income. These disposals reflect management's assessment that these items do not meet the recognition criteria for intangible assets under FRS 102.

Included in intangible fixed assets is software under development of £nil (2024: £604k).

15. Negative Goodwill

	Group and Company	
	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
At 1 April 2024	(24,631)	(27,700)
Release of negative goodwill to income statement	2,884	3,069
At 31 July 2025	<u>(21,747)</u>	<u>(24,631)</u>

16. Tangible Fixed Assets

	Group and Company				
	Freehold land and buildings	Leased buildings £000	Equipment £000	Vehicles £000	Total £000
Cost or fair value:					
1 April 2024	112,719	5,037	32,164	2,787	152,707
Additions	10,529	-	2,563	35	13,127
Disposals	(1,905)	-	(3,341)	(327)	(5,573)
31 July 2025	<u>121,343</u>	<u>5,037</u>	<u>31,386</u>	<u>2,495</u>	<u>160,261</u>
Depreciation:					
1 April 2024	42,150	1,768	26,289	1,794	72,001
Charge for year	5,535	182	2,839	336	8,892
Disposals	(1,329)	-	(3,326)	(327)	(4,982)
Impairment	333	-	18	-	351
31 July 2025	<u>46,689</u>	<u>1,950</u>	<u>25,820</u>	<u>1,803</u>	<u>76,262</u>
Net Book Value:					
31 July 2025	<u>74,654</u>	<u>3,087</u>	<u>5,566</u>	<u>692</u>	<u>83,999</u>
31 March 2024	<u>70,569</u>	<u>3,269</u>	<u>5,875</u>	<u>993</u>	<u>80,706</u>

In the year, a detailed review of buildings was performed which identified certain assets nearing the end of their useful life. The assets were impaired and the charge to the income and expenditure account was £351k.

Included in freehold land and buildings is land of £14.0m (2024: £14.0m) which is not depreciated.

Included in freehold land and buildings are assets under construction amounting to £4.2m (2024: £5.4m) which are not depreciated.

17. Investments

	Group 16 Months to 31 July 2025 £000	Group 31 March 2024 £000	Company 16 Months to 31 July 2025 £000	Company 31 March 2024 £000
Listed investments				
At 1 April 2024	190	190	190	190
Movement on valuation	31	-	31	-
At 31 July 2025	<u>221</u>	<u>190</u>	<u>221</u>	<u>190</u>
Investments in subsidiaries				
At 1 April 2024	-	-	-	-
Additions	-	-	1,100	-
Impairment	-	-	-	-
At 31 July 2025	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>-</u>
Investments in associates				
At 1 April 2024	14	14	-	-
Impairment	(14)	-	-	-
At 31 July 2025	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>
Endowment investments				
At 1 April 2024	5,876	5,551	5,876	5,551
Donations	13	7	13	7
Income	187	131	187	131
Disbursements	(189)	(90)	(189)	(90)
Appreciation/(Depreciation) of asset investments	23	277	23	277
At 31 July 2025	<u>5,910</u>	<u>5,876</u>	<u>5,910</u>	<u>5,876</u>
Total investments	<u>6,131</u>	<u>6,080</u>	<u>7,231</u>	<u>6,066</u>

During the year, SRUC received a donation in kind from SAC Foundation, a fellow group entity. The donation comprised the entire issued share capital of SRUC Innovation, a fellow group subsidiary.

18. Stocks

	Group and Company	
	31 July	31 March
	2025	2024
	£000	£000
Farm stocks	4,255	3,531
	<u>4,255</u>	<u>3,531</u>

19. Debtors

	Group		Company	
	31 July	31 March	31 July	31 March
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade receivables	5,326	5,426	1,294	1,632
Prepayments and accrued income	2,710	6,470	1,877	5,868
Other debtors	514	2,181	474	2,141
Amounts recoverable on contracts	7,294	6,798	5,416	4,487
Amounts due from fellow Group Companies	-	-	4,627	4,889
	<u>15,844</u>	<u>20,875</u>	<u>13,688</u>	<u>19,017</u>

20. Current Asset Investments

	Group and Company	
	31 July	31 March
	2025	2024
	£000	£000
Cash held on short term deposits	149	5,202
	<u>149</u>	<u>5,202</u>

21. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	31 July 2025 £000	31 March 2024 £000	31 July 2025 £000	31 March 2024 £000
Trade creditors	3,261	5,726	2,552	4,524
Other taxation and social security	1,335	2,133	1,338	2,094
Other creditors	10,057	467	9,967	462
Accruals	6,892	8,454	6,423	7,871
Payment received in advance	5,778	7,881	2,904	4,850
Concessionary Loans (note 23)	-	1,651	-	1,651
Finance leases (note 29)	47	43	47	43
Deferred capital grant (note 24)	2,947	2,628	2,946	2,628
	<u>30,317</u>	<u>28,983</u>	<u>26,177</u>	<u>24,123</u>

22. Creditors: Amounts Falling Due After More Than One Year

	Group and Company	
	31 July 2025 £000	31 March 2024 £000
Deferred capital grants (note 24)	33,200	30,004
Concessionary Loans (note 23)	22,971	21,300
Finance leases (note 29)	47	136
	<u>56,218</u>	<u>51,440</u>

23. Concessionary Loans

	Group and Company	
	31 July 2025 £000	31 March 2024 £000
Due within one year (note 21)	-	1,651
Due between one and two years	1,961	1,651
Due between two and five years	5,622	4,952
Due in five years and more	15,388	14,697
Due after more than one year (note 22)	22,971	21,300
Total loans	22,971	22,951

The loans not wholly repayable within five years are loans from The Scottish Funding Council under the University Financial Transactions Funding arrangements. The following are unsecured and carry an interest rate of 0.25% per annum. £2,600k is repayable in agreed instalments until 31 March 2029, £1,548k is repayable in agreed instalments until 31 March 2040, £3,570k is repayable in agreed instalments until 31 March 2041, and £7,200k is repayable in agreed instalments until 31 March 2042. A further unsecured loan of £8,053k with an interest rate of 1.00% is repayable in agreed instalments until 31 March 2043.

The loans are below market rate but under the provisions of FRS 102.34 in relation to Public Benefit Entities, they are treated as concessionary and recorded at cost.

24. Deferred Capital Grants

	Group and Company		
	£000	£000	£000
	1 April 2024	Receivable	Released to SOCI (Notes 1 and 2)
Buildings	24,035	7,990	(1,536)
Equipment	8,597	209	(3,148)
	<u>32,632</u>	<u>8,199</u>	<u>(4,684)</u>

	2025 £000	2024 £000
Disclosed as:		
Creditors due within one year	2,947	2,628
Creditors due in more than one year	<u>33,200</u>	<u>30,004</u>
	<u>36,147</u>	<u>32,632</u>

	Total £000
Deferred capital grants receivable in the period are as follows:	
Scottish Funding Council	82
Scottish Government	822
UK Government	<u>7,295</u>
	<u>8,199</u>

25. Provision for Liabilities

Unfunded pension liability	Group and Company	
	31 July 2025 £000	31 March 2024 £000
At 1 April 2024	616	656
Paid in the year	(87)	(69)
Transfer to the income statement	(46)	29
At 31 July 2025	<u>483</u>	<u>616</u>

SRUC has an obligation in respect of former employees who have retired early or for whom an enhanced pension has been provided. A valuation of the unfunded liability was carried out at 31 July 2025 by Hymans Robertson LLP, an independent actuarial firm.

26. Financial Instruments

The Group and Company's income, expense, gains and losses in respect of financial instruments are as follows:

	Note	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Fair value losses/(gains) on financial assets measured at fair value through income and expenditure	17	<u>54</u>	<u>277</u>	<u>54</u>	<u>277</u>

A total of £6.1m of investments (2024: £6.1m) were measured at fair value through the Statement of Comprehensive income.

27. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Group and Company			
	Restricted Permanent £000	Restricted Expendable £000	Unrestricted £000	Total £000
At 1 April 2024	5,098	279	499	5,876
New endowments	-	-	13	13
Investment income	165	8	14	187
Expenditure	(165)	(9)	(14)	(188)
Increase in market value	19	1	2	22
Total comprehensive income for the year	19	-	15	34
At 31 July 2025	<u>5,117</u>	<u>279</u>	<u>514</u>	<u>5,910</u>

	31 July 2025 £000	31 March 2024 £000
Analysis by asset:		
Investments	5,448	5,426
Cash and cash equivalents	462	450
	<u>5,910</u>	<u>5,876</u>

28. Cash Generated from Operations

	31 July 2025 £000	31 March 2024 £000
Deficit for the year	(7,162)	(1,741)
Adjusted for:		
Gain on disposal of fixed assets	(160)	(8,877)
Unrealised movements on investments	(54)	(277)
Pension costs less contributions payable	(1,202)	(1,947)
Depreciation and amortisation	9,375	5,654
Impairment	365	1,976
Goodwill release	(2,884)	(3,069)
Deferred capital grant release	(4,683)	(3,669)
Interest received	(810)	(901)
Endowment income	(12)	(48)
Interest paid	190	230
Movements in working capital:		
(Increase)/decrease in stock	(724)	196
Decrease/(Increase) in debtors	2,172	(615)
Increase in creditors	2,499	961
Net cash absorbed by operating activities	(3,090)	(12,127)

29. Obligations Under Leases and Hire Purchase Contracts

As at 31 July 2025, the group had outstanding commitments for future minimum lease payments under finance leases, as follows:

	Group and Company	
	31 July 2025 £000	31 March 2024 £000
Within one year (note 21)	47	43
In two to five years (note 22)	47	136
	94	179

29. Obligations Under Leases and Hire Purchase Contracts (continued)

As at 31 July 2025, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Land and Buildings		Equipment	
	31 July 2025 £000	31 March 2024 £000	31 July 2025 £000	31 March 2024 £000
Within one year	687	745	45	79
In two to five years	1,084	987	47	193
In over five years	57	107	-	-
	<u>1,828</u>	<u>1,839</u>	<u>92</u>	<u>272</u>

30. Pensions

As an employer, SRUC has a number of differing pension arrangements for staff and the various schemes are listed below:

- a) The Research Councils' Pension Scheme
- b) The SRUC Group Pension Plan
- c) The Citrus Pension Plan
- d) The local Government Pension Funds: Dumfries and Galloway Council Pension Fund, Fife Council Pension Fund and Lothian Council Pension Fund
- e) Scottish Teachers Superannuation Scheme (STSS)

A summary of FRS102 pension assets/liabilities is included at the end of section d) of this note. The total recognised in the Statement of Comprehensive Income in relation to defined contribution pension schemes was £3,749k (Year Ended 31 March 2024: £4,511k).

30. a) The Research Councils' Pension Scheme ("RCPS")

The RCPS is a defined benefit scheme which is an analogous scheme to the Principal Civil Service Pension Scheme (PCSPS) in which payments from the schemes are funded by current employee's and employers' pension scheme contributions with the difference between these contributions and the scheme expenditure financed by Grant-in-Aid provided from the Department for Business, Innovation and Skills. The RCPS is a multi-employer scheme, and it is not possible to identify each participating institution's share of the underlying liabilities of the scheme hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Employees provide 1.5% of their salary as widows or widower's benefit. Funding for the scheme comes primarily from Scottish Government with a monthly contribution from SRUC. From 1 October 1998 this scheme was closed to new employees of SRUC. The agreed contribution rates are 26% for employers and 4.6% to 8.05% for employees.

30. b) The SRUC Group Pension Plan

The Group Pension Plan is a defined contribution scheme. The assets are held separately from those of the Company in an independently administered fund through Standard Life Aberdeen. The contributions are set at 5% for employees and 10% for SRUC. The scheme was closed to new employees of SRUC from 1 January 2001 to 31 December 2004 and reopened to new employees from 1 January 2005.

30. c) The Citrus Pension Plan

The Citrus scheme is a defined benefit scheme and was offered to new entrants from 1 June 2001 until the scheme's closure to new entrants on 31 December 2004. The assets of the scheme are held in a separately administered fund. The last formal triennial valuation was performed as at 31 March 2020 by a professionally qualified actuary. The contributions are set at 9% and 9.5% for employees. Employers' rates increased from 21.5% and 22% to 27% and 27.5% starting February 2022. An additional payment of £1,112k (Year to 31 March 2024: £1,146k) was made into the plan in the year and is recorded as employers' contributions.

The valuation used for FRS 102 disclosures has been based on the triennial actuarial valuation on 31 March 2020 and updated by Hymans Robertson in order to assess the assets and liabilities of the scheme at 31 March 2024. SRUC has been advised by the trustees as to the financial effects of this which need to be duly considered. Scheme assets are stated at their market values at the respective balance sheet dates. The annual charge reflects the estimated impact of the Guaranteed Minimum Pension ruling (GMP).

Assumptions

The financial assumptions used to calculate the scheme liabilities under FRS 102 are:

Weighted average assumptions used to determine benefit obligations	31 July 2025	31 March 2024
Price inflation (RPI)	3.00%	3.10%
Price inflation (CPI)	2.65%	2.75%
Rate of pension increase (RPI capped at 5%)	2.90%	2.95%
Rate of pension increase (RPI capped at 2.5%)	1.95%	2.00%
Rate of pension increase (CPI capped at 2.5%)	1.85%	1.90%
Rate of salary increase	3.10%	3.10%
Discount rate	5.80%	4.85%

30. c) The Citrus Pension Plan (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments.

	31 July 2025	31 March 2024
Member Age 65 future life expectancy – male	21.9	22.2
Member Age 65 future life expectancy – female	23.4	23.5
Member Age 45 future life expectancy at age 65 – male	22.9	23.8
Member Age 45 future life expectancy at age 65 – female	25.8	26.6

The assets and liabilities of the scheme at 31 July 2025 are:

	Fair value at 31 July 2025 £000	Fair value at 31 March 2024 £000
Assets		
Scheme assets at fair value		
Equities	–	5,217
Liability-driven investments	19,360	10,079
Corporate bonds	4,065	–
Multi-asset future growth	9,740	–
Cash	312	2,964
Absolute bond return	–	3,901
Asset backed securities	–	4,265
Private lending/debt	2,158	2,780
Synthetic credit	–	2,849
Infrastructure	3,223	3,348
Insurance linked securities	–	2,701
Total	38,858	38,104
Present value of scheme liabilities	(37,749)	(41,301)
Surplus / (deficit) in the scheme – net pension asset/ (liability)	1,109	(3,197)

30. c) The Citrus Pension Plan (continued)

The Citrus surplus is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities.

	31 July 2025 £000	31 March 2024 £000
Base case	37,749	41,301
-0.5% decrease in real discount rate	40,814	45,141
1 year increase in member life expectancy	39,259	42,953
+0.5% change in salary increases	38,095	41,768
+0.5% change in inflation	39,484	43,356
	16 Months to 31 July 2025 £000	Y/E 31 March 2024 £000
Analysis of the amount charged to operating surplus		
Current service cost	1,260	1,027
Past service cost	-	-
Administration costs	100	74
	<u>1,360</u>	<u>1,101</u>
Analysis of the amount charge to other finance income		
Interest income on Plan assets	2,560	1,696
Interest charge on Plan liabilities	(2,663)	(1,914)
Net charge to other finance income	<u>(103)</u>	<u>(218)</u>
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Actual return on assets excluding amounts included in net interest	(3,412)	(305)
Actuarial gains on plan obligations	6,547	1,625
Re-measurement gain recognised in OCI	<u>3,135</u>	<u>1,320</u>
Analysis of movement in the surplus/(deficit)		
Deficit at 1 April 2024 & 1 April 2023	(3,197)	(5,988)
Contributions paid by SRUC	2,634	2,790
Current service cost	(1,260)	(1,027)
Administration cost	(100)	(74)
Past service cost	-	-
Other finance charge	(103)	(218)
Gain recognised in comprehensive income	3,135	1,320
Surplus / (deficit) at 31 July 2025 & 31 March 2024	<u><u>1,109</u></u>	<u><u>(3,197)</u></u>

30. c) The Citrus Pension Plan (continued)

	31 July 2025 £000	31 March 2024 £000
Change in benefit obligation		
Opening defined benefit obligation	41,301	40,552
Current service cost	1,260	1,027
Past service cost	-	-
Administration cost	100	74
Interest cost	2,663	1,914
Scheme participants' contributions	22	14
Actuarial gains	(6,547)	(1,625)
Benefits paid	(1,050)	(655)
Benefit obligation as at 31 July 2025 & 31 March 2024	<u>37,749</u>	<u>41,301</u>
Change in scheme assets		
Opening fair value of scheme assets	38,104	34,564
Interest income	2,560	1,696
Member contributions	22	14
Employer contributions	2,634	2,790
Actual return on assets	(3,412)	(305)
Benefits paid	(1,050)	(655)
Fair value of scheme assets as at 31 July 2025 & 31 March 2024	<u>38,858</u>	<u>38,104</u>
Net amount recognised	<u>1,109</u>	<u>(3,197)</u>

30. d) The Local Government Pension Schemes

The valuation used for FRS 102 disclosures has been based on the most recent triennial actuarial valuation which was undertaken on 31 March 2023 and updated by Hymans Robertson in order to assess the assets and liabilities of the scheme at 31 July 2025. SRUC has been advised by the trustees as to the financial effects of this which need to be duly considered. Scheme assets are stated at their market values at the respective balance sheet dates. The annual charge reflects the estimate impact of the Guaranteed Minimum Pension ruling (GMP) and the McCloud judgement.

The following disclosures are required under FRS 102 for the local government pension schemes. Retirement benefits are recognised when they are earned and not when they are due to be paid. Employee contributions are applied in tiers depending on the rate of pensionable pay and start from 5.5% to a maximum of 12%.

Fife Council Pension Fund ("FCPF")

The FCPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new members on 1 October 2012. A formal valuation of the scheme was carried out as at 31 March 2023. The employers' contribution rate is 20.2%.

Dumfries and Galloway Council Pension Fund (DGCPF)

The DGCPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new entrants on 1 October 2012. A valuation was carried out as at 31 March 2023. The employers' contribution rate is 36%.

Lothian Pension Fund (LPF)

The LPF is a funded defined benefit pension scheme where contributions are held in a trust separately from SRUC and was closed to new members on 1 October 2012. A formal valuation of the scheme was carried out as at 31 March 2023. The employers' contribution rate is 42.5%. No additional payments were made to the plan in the period (Year Ended 31 March 2024: £200k recorded as employers' contributions).

Assumptions

The financial assumptions used to calculate the scheme liabilities for all three schemes under FRS 102 are:

Weighted average assumptions used to determine benefit obligations	31 July 2025	31 March 2024
Price inflation (RPI)	3.20%	3.20%
Price inflation (CPI)	2.80%	2.80%
Rate of pension increase (CPI)	2.80%	2.80%
Discount rate	5.75%	4.80%
Rate of salary increase	3.30%	3.30%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments.

	31 July 2025 Years	31 March 2024 Years
Male Member Age 65 (life expectancy at age 65)	19.4 – 19.8	19.3 – 19.7
Male Member Age 45 (life expectancy at age 65)	21.5 – 21.9	21.4 – 21.9
Female Member Age 65 (life expectancy at age 65)	23.0 – 24.4	23.0 – 24.4
Female Member Age 45 (life expectancy at age 65)	25.0 – 25.3	25.0 – 25.3

30. d) The Local Government Pension Schemes (continued)

The assets and liabilities of the three schemes at 31 July 2025 are:

	16 Months to 31 July 2025 £000	31 March 2024 £000
Assets		
Scheme assets at fair value		
Equities	21,561	19,883
Corporate Bonds	12,545	13,130
Property	3,528	3,376
Cash	1,568	1,125
Total	39,202	37,514
Present value of scheme liabilities	(25,678)	(28,873)
Asset in the scheme	13,524	8,641
Asset not recognised due to asset ceiling	(13,524)	-
Total asset recognised	-	8,641

The LGPS deficits are sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities.

	31 July 2025		31 March 2024	
	Approximate increase in scheme liabilities %	Monetary impact £000	Approximate increase in scheme liabilities %	Monetary impact £000
0.1% decrease in real discount rate	2.00	391	1.65	486
0.1% increase in the salary increase rate	0.00	23	0.09	26
0.1% increase in the pension increase rate	2.00	389	1.59	469

30. d) The Local Government Pension Schemes (continued)

	31 July 2025 £000	31 March 2024 £000
Analysis of the amount charged to operating surplus		
Current service cost	334	340
Past service cost	227	7
Total charged to operating surplus/deficit for the year	<u>561</u>	<u>347</u>
Analysis of the amount charge to other finance income		
Interest income on Plan assets	2,386	1,688
Interest charge on Plan liabilities	(1,870)	(1,270)
Impact of asset ceiling on net interest	-	(320)
Net income/(charge) to other finance income	<u>516</u>	<u>98</u>
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Actual return on assets excluding amounts included in net interest	152	511
Other experience	362	(2,403)
Actuarial gains on plan obligations	3,925	1,218
Movement in unrecognised plan surplus	(13,524)	6,456
Re-measurement gain recognised in OCI	<u>(9,085)</u>	<u>5,782</u>
	31 July 2025 £000	31 March 2024 £000
Analysis of movement in the asset/ (deficit)		
Asset at 1 April 2024 & 1 April 2023	8,641	2,504
Contributions paid by the College	489	604
Current service cost	(334)	(340)
Past service cost	(227)	(7)
Other finance charge	516	98
(Loss)/gain recognised in comprehensive income	(9,085)	5,782
Asset at 31 July 2025 & 31 March 2024	<u>-</u>	<u>8,641</u>
Change in benefit obligation		
Opening defined benefit obligation	28,873	27,041
Current service cost	334	340
Past service cost	227	7
Interest cost	1,870	1,270
Scheme participants' contributions	74	82
Other experiences	(362)	-
Changes in demographic assumptions	39	-
Actuarial losses/(gains)	(3,925)	1,302
Benefits paid	(1,452)	(1,169)
Asset at 31 July 2025 & 31 March 2024	<u>25,678</u>	<u>28,873</u>

30. d) The Local Government Pension Schemes (continued)

	31 July 2025 £000	31 March 2024 £000
Change in scheme assets		
Opening fair value of scheme assets	37,514	35,680
Interest income	2,386	1,688
Member contributions	74	82
Employer contributions	489	604
Actual return on assets	152	511
Other experiences	39	118
Benefits paid	(1,452)	(1,169)
Fair value of scheme assets as at 31 July 2025 & 31 March 2024 before net asset restriction	<u>39,202</u>	<u>37,514</u>
Restriction on net assets	<u>(13,524)</u>	<u>-</u>
Fair value of scheme assets as at 31 July 2025 & 31 March 2024	<u>25,678</u>	<u>37,514</u>

Summary of FRS 102 net Pension asset/(liabilities)

	16 Months to 31 July 2024 £000	31 March 2024 £000
Citrus Pension Plan	1,109	(3,197)
Local Government Pension Funds	-	8,641
Total net pension asset	<u>1,109</u>	<u>5,444</u>

30. e) Scottish Teachers Superannuation Scheme (STSS)

The STSS is an unfunded multi-employer defined benefit scheme and it is not possible to identify each institution's share of the liabilities therefore, contributions to the scheme are accounted for as if it were a defined contribution scheme. Benefits are funded through pension contributions deducted from members' salaries and a contribution from their employees. Contribution rates and benefits are set by Scottish Ministers on advice from SPPA and the scheme's actuaries. The cost recognised within the results for the year is the contribution payable to the scheme for that year. The agreed contribution rates for future years are 23% for employer and range from 7.2% – 11.9% for employees.

31. Investments in Subsidiaries

The group and company hold 100% of the nominal value of ordinary share capital (or exercises control over) the following entities:

Name of company	Nature of business
SRUC Innovation Limited	Commercial consultancy, research and trading
Equestrian Facilities Scotland Limited	Dormant throughout the year
Agrecalc Limited	Business and domestic software development

The results of these entities are consolidated in the Group accounts.

During the first twelve months of the period, the Group held 53% of Agrecalc Limited. The shareholding provided control, and the results were consolidated into those of the Group for the year with the amounts attributable to the 47% recorded as non-controlling interests. On 26 March 2025 the Group acquired a further 24% of shares in Agrecalc Limited, increasing its shareholding to 77%. Following the purchase, the trade and related assets and liabilities of Agrecalc Limited were transferred to SRUC Innovation, a wholly owned subsidiary within the Group. The transfer was undertaken as part of a group restructuring to streamline operations and does not affect the consolidated results or net assets of the Group. Agrecalc Limited has ceased trading and was dissolved post year end on 2 December 2025.

SAC Foundation was dissolved in July 2024.

SAC Corporate Trustee Limited is not a going concern and the entity is expected to be dissolved within twelve months of the reporting date.

32. Investments in Associates

ID Mapps Limited

The group holds a 45.6% holding in ID Mapps Ltd which is a collaborative project to fulfil a specific research grant. ID Mapps Ltd is not consolidated in using the equity accounting method of accounting on the basis of immateriality. ID Mapps limited is now inactive. At its board meeting held on 7 May 2025, the directors agreed to dissolve the entity. The entity has terminal liabilities of £24,340, SRUC Innovation Limited's share is £14,778. As such the investment of 14k has been impaired.

Mi:RNA Limited

SRUC holds a 11% holding in Mi:RNA LTD following a share issue by the company during the period, (31 March 2024: 20%). Mi:RNA specialises in the development of testing technology for veterinary disease. Nil consideration was paid for the shares, so no investment is recorded. Mi:RNA LTD was not consolidated using the equity accounting method of accounting on the basis of immateriality and in the current year, the investment does not meet the definition of an associate.

33. Bursary and Other Student Support Funds

	Bursary £000	Hardship £000	EMA's £000	2025 Total £000	2024 Total £000
1 April 2024	(717)	274	6	(437)	241
Received during the period	2,839	406	47	3,292	2,684
Refunded to SFC	(67)	-	-	(67)	(620)
Expenditure	<u>(2,475)</u>	<u>(405)</u>	<u>(55)</u>	<u>(2,935)</u>	<u>(2,742)</u>
31 July 2025	<u>(420)</u>	<u>275</u>	<u>(2)</u>	<u>(147)</u>	<u>(437)</u>

Bursary and other student support funds are available solely for students; SRUC acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

34. Childcare Funds

	16 Months to 31 July 2025 £000	31 March 2024 £000
1 April 2024	144	79
Received during the period	105	87
Refunded to SFC	-	-
Expenditure	<u>(46)</u>	<u>(22)</u>
31 July 2025	<u>203</u>	<u>144</u>

35. Related Party Transactions

During the year the group and the company entered into related party transactions with wholly controlled undertakings in the ordinary course of business whose results are included in these group accounts, therefore the exemption under FRS102 on non-disclosure of those transactions has been applied.

During the year, SRUC received a donation in kind from SAC Foundation, a fellow group entity. The donation comprised the entire issued share capital of SRUC Innovation, a fellow subsidiary in the group. The shares were recognised at the carrying amount of £1.1m. No consideration was paid, and no amounts were outstanding between the SRUC and SAC Foundation at the year end.

At the year end, ID Mapps Ltd owed £NIL (31 March 2024: £70k) to SRUC Innovation, wholly owned subsidiary of SRUC. ID Mapps Ltd ceased trading during the period and an agreement was reached to cancel any amounts still owing.

Included within inter-company balances is a loan due from SRUC Innovation to SRUC of £1.0m (31 March 2024: £1.0m). The loan is unsecured and repayable on demand. Interest has been charged at the Bank of England's effective rate of interest plus an additional 1%.

No other material related party transactions have taken place.

36. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £550k (31 March 2024: £1,692k).

37. Contingent Liability

Under the terms of certain property leases, SRUC has an obligation to reinstate or repair leased premises at the end of the lease period. These obligations may give rise to dilapidation costs. As at the balance sheet date, it is not possible to reliably estimate the value of any such liability due to the uncertainty around the condition of the properties at lease termination and the outcome of ongoing mitigation activities. SRUC continues to manage and monitor these obligations to minimise potential future costs. No provision has therefore been recognised in the financial statements.

Chair	Mr David Bell
Chief Executive and Principal	Professor Wayne Powell
Company Secretary	Devon Taylor
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External Auditor	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh, EH3 8BL
Internal Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh, EH1 2EG
Bankers	Virgin Money 83 George Street Edinburgh, EH2 3ES
Solicitors	Anderson Strathern LLP 58 Morrison Street Edinburgh, EH3 8BP
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