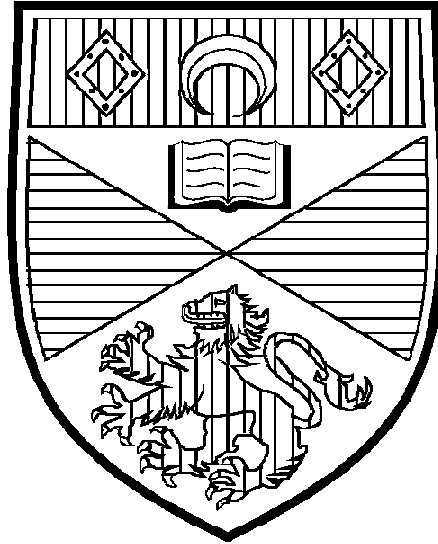


*Reports and Financial Statements
of the University Court
for the year to 31 July 2009*



University
of
St Andrews

The University of St Andrews is a charity registered in Scotland: No. SC013532

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MEMBERSHIP OF COURT AND COMMITTEES

The Rector, President

Mr S. R. Pepper (until 31 October 2008)

Mr K. Dunion (from 1 November 2008)

Senior Governor, Vice-President

Professor E. Brown

The Principal

Dr B.A. Lang (until 31 December 2008)

Dr L. Richardson (from 1 January 2009)

Deputy Principal

Professor K. M. Brown (until 31 July 2009)

Professor C. Hawkesworth (from 1 October 2009)

The Chancellor's Assessor

Mr W. Berry

The Rector's Assessor

Mr O.J. Markeson (until 31 October 2008)

Miss G. Rannard (from 1 November 2008 until 30 June 2009)

Mr J. Shield (from 1 July 2009)

Fife Council, Provost of Fife

Cllr. P. Grant

Assessors of the General Council

Professor E. Brown

Miss K.M. Patrick

Assessors of the Senatus Academicus

Professor R. Crawford

Professor A. Mackenzie

Dr C.R. Warren (until 31 July 2009)

Dr C.E. Whitehead

Dr S. Whiten (from 1 August 2009)

Non-Teaching Staff Member

Mr R. Dittrich (until 31 July 2009)

Dr A. Sandeman (from 1 August 2009)

Student Representatives

Mr A. Keenan, *President* (from 1 July 2008)

Mr J. Shield, *Director of Representation* (until 30 June 2009)

Miss G. Rannard (from 1 July 2009)

Non Executive Members

Sir A. Bagnall

Mrs A.K. Blair

Dr N.M. Bryson

Mr P.P. Cabrelli

Mr A.J. Harden (until 20 February 2009)

Mr M. Jones

Rev Dr M. MacLean

Mrs C. Potter

Clerk of the Court

Mrs L. E. Fraser

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Status</i>
ACADEMIC AUDIT COMMITTEE	
Dr C.R. Warren (Convener)	Senate Assessor on Court
Dr S. Whiten (Convener from 1 August 2009)	Senate Assessor on Court
The Vice-Principal (Learning & Teaching)	<i>ex officio</i>
Provost	<i>ex officio</i>
The Dean of Arts	<i>ex officio</i>
The Dean of Science	<i>ex officio</i>
Director of Representation, Students' Association	<i>ex officio</i>
Professor A. Mackenzie	Senate Assessor on Court
Professor E. Moignard	External Assessor
<i>Secretary: Director of Quality Assurance</i>	
AUDIT COMMITTEE	
Dr N. M. Bryson (Convener)	Non-executive member
Rev Dr M. MacLean	Non-executive member
Miss K.M. Patrick	Non-executive member
Dr M. Popple	Court nominee
Mr W.J. Sutherland	Court nominee
<i>Secretary: Academic Registrar & Clerk</i>	
DEVELOPMENT COMMITTEE	
<i>Until 14 April 2009 when Committee disbanded</i>	
The Senior Governor (Convener)	<i>ex officio</i>
The Principal	<i>ex officio</i>
Deputy Principal and Master	<i>ex officio</i>
Quaestor & Factor	<i>ex officio</i>
Vice-Principal (External Relations)	<i>ex officio</i>
Dean of Arts	<i>ex officio</i>
Dean of Medicine	<i>ex officio</i>
Dean of Science	<i>ex officio</i>
President of the Students' Association	<i>ex officio</i>
Sir A. Bagnall	Non-executive member
Mr J.F. Matthews OBE	Non-executive member

MEMBERSHIP OF COURT AND COMMITTEES

Members

EQUALITIES MONITORING GROUP

Mrs A.K.Blair (Convener)
Vice-Principal (Governance & Planning)
The Director of Student Services
Rev. Dr M. MacLean
Mrs C. Morris
Professor V. Brown
Mrs M.B.Parker
Secretary: Director of Human Resources

Status

Non-executive member
ex officio
ex officio
Non-executive member

GOVERNANCE AND NOMINATIONS COMMITTEE

Sir Brian Ivory (Convener)
The Senior Governor
The Principal
President of the Students' Association
Mr P.P. Cabrelli
Rev Dr M. MacLean
Professor R. Crawford
Dr C. Whitehead
Dr C.R. Warren (until 31 July 2009)
Secretary: Academic Registrar & Clerk

External convener
ex officio
ex officio
ex officio
Non-executive member
Non-executive member
Member of Court
Member of Court
Member of Court

HEALTH AND SAFETY COMMITTEE

Sir A. Bagnall (Convener)
Vice-Principal (Governance & Planning)
Director of Services, Students' Association
Director of Estates (from 5 December 2008)
Councillor P. Grant
Dr J. Ball
Mrs M.B. Parker
Mrs A. Small (until 13 March 2009)
Mr R. Dittrich (from 13 March 2009)
Professor R. Crawford

Non-executive member
ex officio
ex officio
ex officio
Non-executive member
AUT nominee
AMICUS nominee
UNISON nominee
UNISON nominee
Member of Court

MEMBERSHIP OF COURT AND COMMITTEES

Members

INVESTMENT AND COLLECTIONS COMMITTEE

Mr M. Jones (Convener from 21 February 2009)
Mr A. Harden (Convener until 20 February 2009)
Professor E. Brown
The Principal
The Quaestor & Factor
The President, Students' Association
Mr W. Berry
Professor N.V. Richardson (until 31 July 2009)
Dr N. Bryson
Miss K. M. Patrick
Secretary: Assistant Director of Finance

Status

Non-executive Member
Non-executive member
Senior Governor
ex officio
ex officio
ex officio
Chancellor's Assessor
Senate nominee
Non-executive member
Non-executive member

PLANNING AND RESOURCES COMMITTEE

The Senior Governor (Convener)
The Principal
The Deputy Principal
The Dean of Arts
The Dean of Science
Convener, Investment & Collections Committee
Convener, Staff Committee
Convener, Student Committee
President, Students' Association
Mr A Harden (until 20 February 2009)
Mr M. Jones (from 21 February 2009)
Sir A. Bagnall
Professor D.M Paterson
Professor S.J. Broadie
Secretary: Academic Registrar & Clerk

ex officio
ex officio
ex officio
ex officio
ex officio
ex officio
ex officio
ex officio
ex officio
Non-executive member
Non-executive member
Non-executive member
Senate electee
Senate electee

REMUNERATION COMMITTEE

Senior Governor (Convener)
The Principal ¹
The Convener of the Staff Committee
Sir A. Bagnall
Miss K.M. Patrick
Mr M. Jones
Secretary: Director of Human Resources

ex officio
ex officio
ex officio
Non-executive member
Non-executive member
Non-executive member

¹ Matters affecting the Principal's own contract are considered in the absence of the Principal

MEMBERSHIP OF COURT AND COMMITTEES

Members

STAFF COMMITTEE

Mr P.P. Cabrelli (Convener)	Non-executive member
The Principal	<i>ex officio</i>
The Master of the United College	<i>ex officio</i>
Vice Principal (Governance & Planning)	<i>ex officio</i>
The Dean of Arts	<i>ex officio</i>
The Dean of Science	<i>ex officio</i>
Convener, Equalities Monitoring Group	<i>ex officio</i>
Professor V.J. Brown	Senate nominee
Miss K.M. Patrick	Non-executive member
Mr S.R. Magee	Court nominee (non-academic staff)
Dr M. Harris	Senate nominee
<i>Secretary: Director of Human Resources</i>	

Status

STUDENT COMMITTEE

Mrs C. Potter (Convener)	Non-executive member
Convener, Equalities Monitoring Group	<i>ex officio</i>
The Director of Student Experience	<i>ex officio</i>
Rector's Assessor	<i>ex-officio</i>
Mr M. Jones	Non-executive member
Professor A. Mackenzie	Non-executive member
Dr C. Whitehead	Non-executive member
Professor K. Dholakia	Senate nominee
Dr T.E. Jones	Senate nominee
Rev Dr M. MacLean	Non-executive member
Mr E.D. Wilson	Court nominee
The Director of Representation, Students' Association	Students' Association nominee
The President, Students' Association	Students' Association nominee
<i>Secretary: Director of Student Support Services</i>	

REPORT OF THE UNIVERSITY COURT

Preparation of the financial statements

The financial statements for the year to 31 July 2009 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and the Scottish Funding Council's (SFC) Accounts Direction. As noted in the statement of principal accounting policies on page 24, the financial statements have been prepared on a historical cost basis as modified by the revaluation of listed and endowment asset investments.

Results for the year

The University made significant productivity gains while absorbing major cost pressures against a background of unprecedented global financial turmoil and the onset of severe economic recession. This increased productivity allowed the University to increase its overall surplus to £4.5million, a £3.4million uplift from the previous year. There was significant and largely unfunded cost inflation in both pay (driven by a 3 year UK pay settlement agreed in 2006) and in the cost of utilities (driven by the rapid upsurge in global oil prices in the summer of 2008). The overall growth in costs of 11% was offset by a 14% growth in income, accounted for largely by particularly strong growth in tuition fees (26%) and research grants and contracts (15%).

Grants received from the SFC increased by £0.7million (2%) with growth in the main Quality Research Grant being offset by a slight reduction in the main Teaching Grant. The proportion of the University's income received from the SFC fell from 32% to 28% as the SFC uplifts continue to fall below inflation levels and behind the rate of growth which the University is generating from other funders. As public spending levels are squeezed over the coming years, the University expects the proportion of its income derived from the SFC to continue to diminish. The University has however consistently demonstrated its ability to leverage additional external funding on the back of SFC grant income. The University anticipates that in making reductions in spending the SFC will recognise and prioritise those Universities which create Scotland's significant role on the world stage of higher education and research, and in doing so generate significant benefits for the Scottish Economy and its people.

Tuition fee income increased significantly in the year, rising by £8.0million (26%) as the University continued to experience extremely strong demand for places from around the globe. The continued growth in student numbers from outwith the EU was in line with the ongoing strategy, but the growth in entrants from within the EU, which was not supported by additional grant funding, was as a result of an unplanned and significant uplift in the proportion of students who achieved the grades required for admission. In order to better control these numbers within the levels of funding provided by the SFC, the University has implemented more stringent controls on the numbers of offers which can be made to prospective EU students.

Income from research grants increased by £4.6million (15%). The uplift was driven by growth in grant awards in previous years. During the year the level of grant awards increased by a further 3% to £39.6million which would indicate the prospect of continuing strong growth in grant activity at least in the short to medium term. The University's research strengths focus mainly on pure research which generates the basic knowledge which provides the platform for future applied research. This research is essential for the long term success of the economy, but due to its groundbreaking nature is dependent largely on Government Funding sources provided either through UK Research Councils, Government Departments & Agencies or the EU. The University expects the funding environment for its research grant activity to become more difficult in the coming years as public spending levels are reduced. During this period of more scarce resource, the University believes that if awards continue to be made on a fair and competitive basis, it will continue to make progress.

REPORT OF THE UNIVERSITY COURT

Other income increased by £3.6million (16%) which was attributable to increased efficiency in the use of the residential estate, both for students and vacation lets, increased levels of provision of training for Continuing Professional Development and growing levels of commercialisation of the University's accumulated knowledge and intellectual property.

Pay costs continue to be the largest area of expenditure for the University and there was a further £6.2million (8%) increase in the year. This was largely due to a formulaic uplift in rates of 7% arising from a UK wide settlement of 5% at September 2008 of 5% and a further 2% incremental drift arising from a 2006 award. One third of this overall uplift (£2.0million) was required to generate the additional research grant activity outlined above. During the year the University reduced the proportion of its income spent on salaries from 61% to 57%, demonstrating the significant productivity gains achieved.

Other operating expenses increased by £7.3million (19%). In line with Scottish Government Policy the University entered into the Procurement Scotland procurement arrangements for gas and electricity in the Autumn of 2008. Unfortunately this coincided with a spike in utility prices, which resulted in a £1.8million (54%) growth in costs. In addition to this, the University increased its spending related to student residences (related to increased capacity and activity) by £1.7million, on scholarships and bursaries by £1.1million and additional costs associated with growth in research activity by £0.8million. Spending on books and periodicals, travel and professional fees (associated with an external review of the University's IT service and investment in alumni relations activity) also increased in the year. Of these cost pressures, the most significant is in relation to utility costs. While recessionary pressures may constrain further growth in the immediate future, the University believes that global demands combined with diminishing supplies will create in the medium to longer term an unsustainable level of utility cost growth. Consequently the University is continuing to explore with the community and commercial partners, opportunities for the self generation of power from environmentally sustainable sources, thus reducing the University's carbon footprint and its exposure to this potential significant cost escalation.

In 2007/08, the University reported a deficit of £19.4million on its local defined benefit pension scheme. In the current year, the deficit further increased by £2.6million to £22.0million reflecting to a certain extent the impact of the global financial turmoil. The value of the Scheme's Asset value was extremely volatile during the year but by the end of year was back in line with the 2008 value as market impacts were countered by additional contributions from the University and members combined with out-performance of the schemes investment managers. This asset position was offset by continued inflationary pressure on the scheme liabilities as salary levels continue to rise. The Scheme will go through a statutory actuarial revaluation during the coming year. As part of this process the University and Trustees will have to agree on a recovery plan for the scheme which will have to be accepted by the Pensions Regulator. The University expects that all aspects of the Scheme will be thoroughly explored in this process. The University also participates in the UK wide Universities Superannuation Scheme (USS). USS is also under strain and the employers' contribution will rise by 2% of salaries in the coming year. Further increases for USS in the coming years cannot be ruled out and the University would expect the Trustees of the USS to take similar steps to ensure that the scheme can be financially sustainable within the means of Universities.

REPORT OF THE UNIVERSITY COURT

During the year consolidated balance sheet funds increased by £3.0million to £105.2million. Significant growth in Tangible Fixed Assets of £36.9million reflecting the University's continued investment in its infrastructure was offset by a reduction in net current assets of £26.8million (to fund investment), a deterioration in its Endowment Assets of £2.9million (as commitments for Scholarship funding continue to be honoured despite losses on global equity markets), the £2.6million increase in the reported pension deficit and a £1.6million increase in long term creditors attributable to contractor retentions on capital investment and funds provided via the Carbon Trust to improve the University's energy efficiency. The University fully appreciates the need to manage its working capital position, carefully, especially in the current financial climate and with its need for large scale investment in its infrastructure. The University further recognises that over time it may have to vary the pace of project delivery in order to maintain a robust working capital position.

Key Performance Indicators

The University measures its performance in all areas relative to a set of Key Performance Indicators (KPIs). These KPIs were first put in place during 2008 and will be used and developed on an ongoing basis as the methods and data available to support their use emerge and in light of experience and as they outline a deeper and broader understanding of the University's performance and the factors that impact upon this. Broadly, these indicators cover the following areas of the University's Performance – Research and Knowledge Transfer, Learning and Teaching, Student Experience, Staff, Organisational Efficiency, Estate and Financial Health.

Research and Knowledge Transfer – The University continues to progress in research terms. External assessment of the quality of the University's research places St Andrews as 14th equal in the UK, up from 19th (as outlined in the Times Higher Education Supplement compilation of Institutional RAE 2008 results). Research Grant throughput increased in the year by 15% and Research Grant Awards grew by a further 3%. Income from Knowledge Transfer activities was lower than in the previous year reflecting the impacts of recessionary pressure upon the economy, though over a two year period continued to show growth. Of greater significance was the agreement on 11 individual licensing deals by the University, its highest on record, with 10 of those with Small / Medium Enterprises (SMEs) and half of those with Scottish SMEs. This demonstrates that despite the negative impacts of the recession the University's goal of developing technologies to stimulate economic activity is becoming increasingly sustainable.

Learning and Teaching – The University continues to increase the quality of its entrant students across all areas with the level of UCAS tariff points held by entrant students rising again. Alongside this increase in academic standards the University continues to attract 11 applications for each Home/EU funded place and record numbers of applicants from around the globe thus providing external validation of the standing of the learning and teaching opportunities offered by the University.

Student Experience – The University believes that an excellent student experience is critically important for its continued success. Continued and repeated success in the National Student Survey where St Andrews was assessed as the best mainstream University in the UK for the 3rd year in succession would appear to validate the success of the University in this area. The University continues to grow the amount of resources available for scholarship funding to ensure that access challenges for prospective students are minimised where possible. On employability, the University along with other universities continues to have difficulty in the gathering of reliable data on the long term employment records of its alumni. This notwithstanding, around 70% of students entering into employment markets have been recorded as having obtained graduate level jobs which appears to show a significant improvement on the 59% reported in the last two years.

REPORT OF THE UNIVERSITY COURT

Staff – The University’s success is ultimately based upon the hard work, skill and dedication of its staff. Recent results derived through the staff survey would appear to continue to reflect a satisfied workforce (85%). This continued satisfaction should also be seen against the significant productivity gains achieved during the year with staff costs falling from 61% of income to 57%.

Organisational Efficiency – It is important at all times that the University makes efficient use of the resources available to it. This need for efficiency is even more keenly sought in financially difficult times. The University continues to explore and implement plans to improve efficiency in a number of areas including procurement, improving utilisation of all areas of its estate and in process redesign. The productivity gains achieved in this year are a reflection of this continuous effort.

Estate – In taking forward a broad agenda of activities, the University recognises it has an estate which has suffered through decades of under investment. The University’s Estate Strategy aims to bring all of its physical infrastructure to and maintain it at a level required to support its services. During the year the University increased the level of ongoing investment in its maintenance and this has resulted in better, fit for purpose facilities alongside a reduction in the level of backlog maintenance requirement. Through this investment programme the University is also seeking to improve the effectiveness of the utilisation of its facilities.

Financial Health – The University’s Financial Strategy outlines basic financial goals for the University covering efficiency, liquidity, borrowings levels and surplus generation. These are designed to ensure that the University remains financially stable and sustainable in its liquidity and in the generation of sufficient funds to support ongoing maintenance and renewal of its infrastructure. The University achieved all of its targets on efficiency, liquidity and on borrowings. On surplus generation the University believes that it needs to generate a surplus on operations every year equivalent to at least 5% of total income. This target is significantly ahead of the University’s recent financial performance and is significantly higher than the ‘traditional’ levels of surplus generation amongst UK Universities. The University achieved an operational surplus of 3.1% in the year, up from 0.9% in the previous year. Although not at the level required in the long term, the University is content that it has made very positive progress.

Achievements of the year

During 2007/08 the University attained unprecedented levels of success in published University league tables, an increasingly accepted external measure of overall success in the domestic and international Higher Education sectors. During the past year the University successfully maintained its position among the top 5 in the UK and the top University in Scotland. The University views this success as an important measure of its efforts to continue to achieve excellence in a highly competitive market and despite the additional funding sources available to Universities elsewhere in the UK.

In learning and teaching, the University continues to perform well with continuing excessive demand for entrance alongside rising entrant requirements and as assessed in nationally published satisfaction indicators. The University is also making good progress towards the next Enhancement Led Institutional Review (ELIR) with increased academic standards in the earlier years of a student’s experience and the increased use of electronic systems for managing student data and making learning materials available online with attendant efficiencies leading towards better standards and improved student satisfaction.

REPORT OF THE UNIVERSITY COURT

In the Research Assessment Exercise (RAE), the University was pleased as it further consolidated its position amongst the leading Universities in the UK with its overall ranking increasing from 19th to 14th – an outstanding result for such a small University, with over 95% of its academic staff being submitted to the exercise – one of the highest rates of submission in the UK. Unfortunately the academic success which was demonstrated through the RAE result has not been rewarded through the level of grant uplift on the Research Excellence Grant. This lack of reward reflects the overall restriction of funding available to the SFC and on the broadened range of Universities in receipt of funding. Subsequent to receipt of the results the University commissioned both internal and external reviews of all of its Schools in order that it can learn any necessary lessons from this result and prepare effectively for the impending Research Excellence Framework.

In 2007/08 the University reviewed its approach to transferring its knowledge into the wider community through public policy advice and commercialisation of its research alongside general and cultural engagement. During the past year the University made significant progress towards creation of an entrepreneurial model for innovation with a grouping of third party entrepreneurs and industrialists. The University expects this novel model for innovation to show considerable success in the coming years. Alongside this activity and despite the very difficult global economic conditions which had an adverse impact on the level of income generated the University continued to expand its activities through increased license deals, spin outs and its own subsidiary companies.

Operational performance in the year has been strong. However the University has a significant capital investment programme which is required to address several decades of under investment and to ensure that we continue to have the right facilities to support world leading research and teaching. The global recession has impacted significantly on the University's ability to generate capital proceeds for reinvestment and on the ability of the University to generate significant funding through philanthropic giving and corporate sponsorship. While in the short term these issues have not impacted upon service delivery and development, a prolonged recession will have a consequential impact on the timing of the University's aspirations.

People

The University's success is based upon the contribution and hard work of all of its staff – the talent of its academic staff and the ability and professionalism of its support staff working throughout its Schools and Units. It is clear that the University's funding from public sources will come under significant pressure which will necessitate reduced spending. The University remains committed to working with its staff to continue to improve the efficiency and quality of its outputs, through which the University can protect the interests of its existing staff who continue to embrace the need for continual service improvement.

The University recognises the importance of the whole of the University community to its continued success. The University's students are a key and significant part of that community and the effective partnership working that is in place with students on a wide variety of issues on academic, support and extra-curricular activities is an essential element in maintaining and enhancing the success of the whole community.

The University thanks the members of the University Court who lend significant skills and expertise to the University on an entirely voluntary basis. The contribution of these individuals in ensuring the good governance of the University and the access to significant skills for University management is greatly appreciated and makes a significant contribution to the University's continued success.

REPORT OF THE UNIVERSITY COURT

Looking forward

In the past year the world has changed. This will have an inevitable impact upon the University's activities. The University, which focuses on excellence in its research and teaching, remains of the view that this strategy, coupled with the continuing demand from funders for what the University provides, is the right one in the medium to long term.

The University is aware that public spending levels will have to be reduced in the coming years in order to fund the significant stimulus packages that have been provided by Government. The University hopes that the Scottish Government and the SFC in making essential cuts, recognise the value of the leading Universities to Scotland's economy and its place in the world and are careful not to make cuts which inhibit our ability to leverage additional investment for the benefit of the country.

Ewan Brown
Senior Governor
College Gate
St Andrews
16 October 2009

RESPONSIBILITIES OF COURT

In accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966, Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Court is responsible for ensuring that there are proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966, the Statement of Recommended Practice: Accounting for further and higher education (2007), and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with SFC Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Court has responsibility to:

- ensure that funds from SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with SFC and any other conditions which SFC may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ensure that there exists an effective platform for the control and monitoring of risk and that risk implications are considered at all areas within University management;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to staff;

RESPONSIBILITIES OF COURT

- a comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial performance, including updates of forecast out turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court and promulgated in the Standing Financial Instructions;
- comprehensive Financial Regulations, detailing financial controls approved by Court on the recommendation of the Planning & Resources Committee;
- an Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by Court providing Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control;
- an Audit Committee whose terms of reference are laid along with all Court Committees and which are summarised on page 15.

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

CORPORATE GOVERNANCE

The University is committed to best practice in all aspects of corporate governance. The summary provided below describes the manner in which the University has applied the principles set out in the Combined Code on Corporate Governance (developed to establish standards of best practice in corporate governance amongst UK listed companies). Its purpose is to help the reader of the financial statements understand how the principles have been applied. The summary incorporates internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group and takes account of the amendments in the 2006 Combined Code. A benchmarking exercise carried out by SFC (SFC/42/2008) found that sector guides used by the University covered the vast majority of the key themes set out in *The good governance standard for public services*.

In the opinion of Court, the University complies with most of the principles of the Combined Code (amended as outlined above), in so far as they apply to the higher education sector, and it has complied with such principles throughout the year ended 31 July 2009. There is divergence between University practice and the combined code in the following two areas:

Chairmanship of Court - Meetings of Court are presided over by the Rector, an elected representative of the students, in terms of the Universities (Scotland) Act 1889, section 5(5). Accordingly, the University cannot comply with best practice with regard to Chairmanship of Court. The University has however, with the full consent of the Rector, instituted an arrangement for the election of one of the non-executive members of Court to act as 'Senior Governor'. The Senior Governor leads Court on all items of business associated with policy and resources and is responsible for the appraisal and review of Court members and the Principal. The Senior Governor is elected by Court and thus has the support of the governing body as a whole in fulfilling these roles as well as engaging directly with SFC and the Scottish Government as appropriate. The SFC has reviewed this governance arrangement in session 2008-9 and reported that it is satisfied with the procedure.

Term of Office – Elected and appointed members of Court normally have a term of office not exceeding four years. This compares with the Combined Code principle of three-year terms of office.

Court, which is the governing body of the University, derives its authority from Acts of Parliament which, *inter alia*, vest in Court the administration of all property and revenues of the University and give it the power to review the decisions of the Senate. Court thus has overall responsibility for the governance of the University, including all aspects of strategic planning and management of all resources, whether financial, human or physical.

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

Responsibility for the monitoring of risk lies with the Audit Committee on behalf of Court. The University has a Risk Management Group, led by a member of the Principal's Office and containing representatives from all key University activities. This Group is tasked with responsibility for embedding risk management in all decision-making processes of the University. It operates within a framework of control agreed by the Audit Committee to ensure that the University continually monitors its exposure to risk, taking corrective action where necessary, with performance of this role measured and monitored by the Audit Committee.

CORPORATE GOVERNANCE

Court met six times during the year ended 31 July 2009. It has a number of committees with particular areas of responsibility. The decisions and recommendations of these committees are formally reported to Court. The committees, whose membership is disclosed on Pages 2 to 5, are:

Academic Audit	Audit
Development Committee	Equalities Monitoring Group
Governance & Nominations	Health & Safety
Investment & Collections	Planning & Resources (PARC)
Remuneration	Staff
Student	

All of these Committees are formally constituted with formal terms of reference, outlined in an annual publication “Standing Committees of the University: Membership and Remit” (<http://www.st-andrews.ac.uk/about/UniversityCourt/>).

In respect of its strategic planning and development responsibilities, Court receives recommendations and advice from PARC, chaired by the Senior Governor. During the year the Committee’s membership included, ex-officio, the three non-executive Court members who convened the Investment & Collections Committee, Staff Committee and Student Committee.

The Academic Audit Committee oversees the implementation, management and monitoring of the University’s quality enhancement strategy; advises Senate on changes to the University’s academic audit procedures; liaises with University Officers and Committees on matters relating to academic audit.

The Audit Committee consists of non executive members of Court supplemented by additional co-opted expert external non executive members to assist it in its role. The Committee reviews the audit of the University’s annual financial statements and keeps under review (a) policies, procedures and regulations in respect of the University’s assets, and (b) financial controls, accounting procedures, the application of accounting standards, and routine arrangements for the investigation of questions of financial irregularity or impropriety; considers all matters relating to the internal and external audit, and Value for Money review, of the affairs of the University and of those companies controlled by Court; receives reports from the internal and external auditors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee; and the Committee has the opportunity to meet with the internal or external Auditors in the absence of University staff. The Convener of the Audit Committee is accountable to Court for conducting the annual performance appraisal of the Senior Governor.

The Development Committee has overseen the activities of and monitors the performance of the University’s engagement with its alumni community. In addition, it ensures that fundraising priorities are aligned with the University’s Strategic Plan and provides support and guidance for fundraising activities.

The Equalities Monitoring Group has been tasked with ensuring that all equal opportunities activities are effectively embedded within University committees. The Equalities Monitoring Group therefore has considered the development of and progress in the implementation of the University’s equality statement and associated policies; and the implication of changes in legislation with regard to equal opportunities within the University. Its role is to interact with conveners of other committees on such equalities-related issues and ensure that all such issues receive attention by the appropriate body.

CORPORATE GOVERNANCE

The Investment & Collections Committee receives the annual report on the University's Collections from the Curator of the Museum Collections and the Keeper of Special Collections; conducts regular reviews of the general investment policy of the University and within the context of that policy monitors the performance of (i) the University's investment advisers, (ii) the investment portfolio(s) under their management and (iii) University investments not under the management of the investment advisers; and reviews the University's investment assets, advising Court in respect of their management, purchase and sale.

The Governance & Nominations Committee advises Court on any matter pertaining to the execution of its governance functions, including the appointment and role of Court's Senior Governor; identifies and recommends persons for membership of Court; makes recommendations to Court with regard to (a) the overall structure of University committees and (b) the remit and Court-nominated membership of such committees; and recommends to Court how it should be represented, as necessary, on external bodies and at particular meetings or events.

The Health & Safety Committee advises Court on all matters concerning Health and Safety including, the University's legal obligations. The Committee receives annual reports from the University's Director of Environmental, Health and Safety Services, concerning the management of all areas of Health and Safety at work including Occupational Health, radiation hazards, biological and chemical hazards and fire safety. In addition, the Committee considers where necessary, reports from Inspectors of Enforcing Authorities under health and safety legislation, reports from the University's Insurance brokers and reports from the Trade Union Safety representatives. The Committee agrees programmes for Health and Safety audits and ensures that recommended action is taken efficiently and effectively. The Committee also makes recommendations to Court on actions considered necessary to promote the health and safety of employees, students and others within the University.

PARC reviews the annual budget and financial forecasts of the University, and the levels of residential and other fees charged to students; reviews regularly during the year actual income and expenditure as compared with budgeted levels; monitors the level and cost of the University's borrowings and the extent of other liabilities, and reviews and makes recommendations on individual financial decisions which due to their size or nature are reserved for Court.

The Remuneration Committee receives, considers and approves the recommendations of the Principal in relation to the remuneration of all staff whose salary progression does not represent standard progression with regard to a recognised salary scale; receives and considers information from the Principal on all severance arrangements and approves the recommendations of the Principal on specific arrangements which involve University expenditure in excess of £75,000; determines, through its non executive members, the remuneration of the Principal; and takes a general overview of all of the above, or any related, matters in order to ensure the exercise of appropriate financial control and of reasonable employer behaviour.

The Staff Committee receives, reviews, approves and monitors the University's strategic objectives in respect of its staff; considers, encourages and reviews the effectiveness of staff policy initiatives; reviews the effectiveness and performance of the Human Resources activities and monitors compliance and risk management with respect to employment law and practice.

The Student Committee considers and reports on matters affecting non-academic student services of any kind. The Committee receives reports from the Director of Residential and Business Services on the work of the Student Accommodation Services, the Director of Student Services, the Residential Accommodation Forum and the Support Forum and it advises Court as necessary. The Committee is responsible for preparing an annual report on the University's student profile, reporting any points of significance to Court.

CORPORATE GOVERNANCE

In keeping with the University's policy on the registration and declaration of interests, all persons routinely attending meetings of Court and its Committees are required to take proper account of any conflict of interest which might arise from their University involvement on the one hand and their membership of, or connection with, other bodies outside the University on the other. The Clerk of the Court has established and maintains a formal register of interests. It is available for inspection in the Court Office by those obliged to supply information for inclusion in the register, officers of SFC and the University's internal and external auditors. The Clerk may, after consultation with the Senior Governor, the Principal and the member(s) concerned, also make the register, or a specific part of the register, available to others.

As reported in previous years' Reports and Financial Statements, the University has formally compared the practice of Court with the requirements of the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks (SFC Circulars HE/05/99 & HE/23/00). Note: There is now a Guide for Members of Governing Bodies in the UK (March 2009) published by the Committee of University Chairs (CUC).

Having carried out a thorough review of its effectiveness during the year to 31 July 2009, Court has effected changes which have achieved fuller compliance with the Good Practice Benchmarks, with stated exceptions regarding term of office and chairmanship of meetings.

Payment of creditors

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 28.7 days (2007/08: 36.2days).

Equal Opportunities Policy

The University has an Equal Opportunities Policy that applies to all staff and all students. The Policy's aims are that all individuals will be treated with respect and that they will not be subject to unfair discrimination in any aspect of university life. The University's aim is that all staff and students, whether existing or potential, will receive fair and equal treatment when applying to become, or working as, members of the University. The Equal Opportunities Policy aims to achieve an environment in which unfair discrimination is not tolerated, and in which everyone has the opportunity to develop to his or her full potential.

This policy includes specific provision for existing and potential employees with disabilities and those from under-represented ethnic and racial groups. The University actively seeks ways to ensure that such individuals are not disadvantaged in their career development by factors relating to their personal circumstances.

Ron Piper
Vice-Principal (Governance & Planning)
College Gate
St Andrews
16 October 2009

CORPORATE SUSTAINABILITY REPORT

The University is committed to addressing the issues of social responsibility, sustainability and climate change in its operations, teaching, research, investment management and community engagement. The following information is a summary of the University's performance. A more detailed report will be posted on the University's website later in the year.

The University's aim is to integrate social responsibility and sustainability aspects within day to day operations and this is reflected in its Strategic Plan. The policy of engaging staff, students and external stakeholders in its sustainable development agenda has helped the University become recognised as a leading exponent in this area. The University was awarded a Green Gown award for its Sustainable Development degree programme and has also achieved the Carbon Standard for effective carbon management during the period.

During 2008/09 our sustainability objectives and targets were:

Objectives

- To prevent pollution and ensure compliance with relevant environment legislation
- To make prudent use of natural resources
- To develop and implement best practice utilities management for controlling costs and consumption
- To minimise the production of waste and ensure that the maximum amount is reused and recycled
- To develop solutions that reduce travel and transport impacts
- To change the behaviour of students and staff by achieving effective internal communication of environment and sustainability issues
- To teach and research at an international level on sustainability issues

There were no infringements of environmental legislation during the year and no enforcement notices were issued.

Consumption of energy has decreased by 1% compared to the previous year. Electricity usage rose very slightly while gas use decreased by 2% in absolute terms and 7% if corrected for temperature (degree days). However, utilities costs have risen by 54% compared to the previous year. This price jump reflects the market rate for utilities and the start of a new energy contract. This trend is expected to continue upwards by around 14% per year. The stabilisation of usage compared to the previous year is due to the investment in energy efficient infrastructure as part of the University's SALIX fund, where savings from energy investment are put back into the fund to support further work. As at 31 July 2009, the University has committed £1.2million with an annual saving of 1,000 tonnes of carbon. It is anticipated that by 2012, the SALIX Fund investment will have helped to reduce the forecast rise in consumption to around the current levels.

Water consumption has reduced by 33% compared to the previous year, largely due to the repair of a major leak at the North Haugh and also by the fitting of water controls on facilities such as urinals. This equates to a cost saving of £0.2million compared to the previous year.

The University has also continued its consultation with the local community in the Boarhills and Kingsbarns area of Fife where the University owns farmland. The site at Kenly Farm has considerable potential for wind farm development and it is hoped that some form of community development can be achieved. A planning application for a wind monitoring mast has been approved by Fife Council and the mast will be installed mid September 2009.

Other Activities

- The amount of municipal waste recycled has reached a high of 61%. This is a considerable achievement given that the University-wide recycling programme only started in 2004. For construction waste, each new build and major refurbishment project also adopts a minimum recycling rate of 75% of site arisings. Waste to landfill has also reduced by 4% compared to the previous year. All fruit and vegetable matter from Halls of Residence is now composted on site and is used for 'top dressing' of flower beds.
- The University has established a Community Beach Clean programme as part of its efforts to engage more widely with the local community. This initiative includes local businesses and community groups and has helped to contribute to the Blue Flag status of the West Sands beach.
- The St Andrews Prize for the Environment award for 2009 went to an innovative three-in-one solution for providing clean energy from the sun. Meeting the needs of Himalayan villagers, 'SolSource' have developed a light weight, low cost, and portable solar cooker made from traditional nomadic tent material and locally sourced bamboo. Modules, which can be detached from the cooker, also provide sources for heating and thermo-electricity generation. The St Andrews Prize is an environmental initiative by the University of St Andrews, which attracts scholars of international repute and carries out world-class teaching and research, and ConocoPhillips, one of the worlds largest integrated energy companies, with operations in more than 30 countries.

Teaching and Research in Sustainable Development

The University of St Andrews has continued to impact upon sustainable development through its commitment to teaching and learning, research and knowledge exchange. There are many examples of teaching programmes and research projects that enhance sustainable development knowledge including work on fuel cells, the marine environment, biodiversity conflicts, the rights of future generations, corporate social responsibility, indigenous peoples' rights and the economics of climate change mitigation actions.

With respect to sustainable development specifically the University has been recognized as being in the forefront of teaching and learning for sustainable development with its inter-disciplinary undergraduate degree in sustainable development. External recognition of this degree was forthcoming in the form of the Green Gown award for excellence in sustainable development education. The judges of the award stated that the St Andrews course demonstrated "innovation, excellence and educational impact". The degree, established in 2004, graduated 23 students from its second cohort during the year. Student demand for the sustainable development degree modules remains high with many students being attracted to know more about sustainable development in their sub-honours years of study. Staff on the degree are increasingly being approached to advise other universities about how to integrate sustainable development into their programmes and the degree has been used as a case study on a number of occasions during the last year.

While sustainable development research is undertaken within most schools at the University, the St Andrews Sustainability Institute works across schools to integrate this work together. For example, in the current year staff from Management, Geography & Geosciences and Psychology were successful in obtaining one of the prestigious ESRC/Scottish Government PhD fellowships to study the work of the communities funded by the Scottish Government's Climate Challenge Fund. Likewise, the St Andrews Sustainability Institute worked closely with the Estates team (and in partnership with academics in the Medical School and the School of Psychology) to understand staff energy saving attitudes and behaviours. One of the defining features of sustainable development research at the University is the

CORPORATE SUSTAINABILITY REPORT

extent to which it is used to support University behaviour in accordance with the principles of sustainable development.

Sustainable Investment

The bulk of the University's endowed funds are invested in line with our Sustainable and Socially Responsible Investment Policy. Our fund managers, Aviva are instructed to seek investments which;

- promote social responsible behaviour and sustainability,
- address issues on human rights, business ethics, good employment practice, the environment, community investment, armaments, essential resources and animal testing,
- encourage good behaviour and discourage poor behaviour through the screening of investments.

As part of this policy, the University has established a forum for engagement with its staff, students and alumni with Aviva Investment Managers, to provide an opportunity for ongoing debate in the consideration of these issues and encouragement of sustainable behaviours.

Although the financial performance of the fund over the last year has been disappointing, the volatility of the markets presented an exceptionally difficult operating environment. There was some success associated with the sustainability mandate of the fund. Our fund managers worked alongside the UN on a Sustainable Stock exchange initiative, with major institutional investors on a UN Global Compact and with high climate impact companies on disclosure issues.

Student Charity Work

The University's students continued their long tradition of charitable fundraising, volunteering and environmental awareness. Student groups raised well over £120,000 for charities such as Amnesty International, PEN, Chest Heart & Stroke Scotland, and many others. Of the 120+ affiliated student societies of the Students Association, most partake in fundraising events or activities throughout the academic year, bringing general awareness of worthy causes into the daily lives of St Andrews staff and students.

As well as such activities, the Association's dedicated Charities Campaign exists to fundraise throughout the year with ventures including sponsored hitchhikes in Europe, a Raising and Giving week, and local fun run. The 2008/09 year is the most successful year on record for the Charities Campaign, with a current total of over £80,000.

There are also other student groups which are not affiliated to the Students' Association but dedicate themselves to charitable causes. These include the University's annual fashion shows, FS and Don't Walk, which together brought in over £40,000 for their respective charities.

Students have also undertaken increased levels of voluntary work, both home and abroad. This year saw the introduction of 'Project Zambia', where eight students and five staff spent the summer working in orphanages and schools in disadvantaged areas of Zambia. Various groups have also set up orphanages in India, climbed Kilimanjaro, and paddled round Britain in a kayak, all raising money for charity with support from the Association and the University. Local voluntary activity progressed significantly in this academic year, with the Students' Association's Student Voluntary Service attracting a large number of new and returning volunteers. Activities reach beyond the town to cover Fife, with help offered to groups assisting people with special needs, disadvantaged families, and the elderly. The Association and University also participate in the Millennium Volunteers scheme, which allows the students to receive official accreditation for their work, recognising their efforts and the skills they have

CORPORATE SUSTAINABILITY REPORT

developed. The creation of a new arts festival for St Andrews, *On the Rocks*, enabled the Association to engage the local community in musical and artistic workshops, particularly primary school children. This process culminated in an open-air performance of Peter Pan in the ruined castle in St Andrews, featuring staff, students, and members of the local community in an event that attracted the attention of the national press.

Building upon the work of previous years in improving the University's ethical investment credentials, the Students' Association and University are collaborating on the creation of ethical guidelines for University research projects and funding sources, as well as organisation-wide procurement practices. The ongoing Inter-Hall Energy Competition continued to drive down energy usage in halls of residence, and with the University's assistance, students held a *Green Week* showcasing how students can minimise their impact on the environment.

In the coming year, the Association anticipates working with the University on increased ethical awareness, scholarships for students from warzones and disaster areas, affordable accommodation, improved access to education, and community outreach, amongst many other initiatives.

Derek Watson
Quaestor & Factor
College Gate
St Andrews
16 October 2009

We have audited the Consolidated and University financial statements for the year ended 31 July 2009 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated and University Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the University Court of the University of St Andrews ("Court"), as a body, in accordance with the Financial Memorandum of the University. Our audit work has been undertaken so that we might state to Court those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Court and Auditors

Court is responsible for preparing the financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Financial Memorandum.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you if, in our opinion the information given in the Report of the University Court is not consistent with the financial statements, if the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We are also required to report to you whether, in our opinion, funds, from whatever source, administered by the University for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with the terms and conditions attached to them and whether income has, in all material respects, been applied in accordance with the relevant legislation and with the Financial Memorandum with the Scottish Funding Council.

We read other information contained in the Report of the University Court, Responsibilities of the Court, Corporate Governance Statement and Corporate Sustainability Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by Court in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University and of the Group as at 31 July 2009, and of the surplus of the Group's income over expenditure and the Group's cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- funds from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have, in all material respects, been applied only for the purposes for which they were received; and
- income has, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992 and, where appropriate, with the Financial Memorandum dated 1 January 2006 with the Scottish Funding Council.

Ernst & Young LLP
Registered auditor
Glasgow

16 October 2009

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed and endowment asset investments.

Basis of consolidation

The consolidated financial statements include the University and all material subsidiary undertakings as listed in the notes to the accounts for the financial year to 31 July 2009. Intra-group transactions are eliminated on consolidation. The activities of the Students' Association have not been consolidated as the University does not control these activities.

Recognition of income

Income from SFC is recognised in the period for which it is received.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

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

Agency arrangements

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

Leases and hire purchase contracts

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

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Taxation

The University of St. Andrews is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 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.

This exemption is not extended to the trading activities of the Group but all trading profits of subsidiaries are transferred to the University by gift-aid.

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

Goodwill

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

Land and buildings

Land and buildings are stated at historic cost.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned. The cost of buildings includes related interest.

Depreciation

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the University of between 40 and 50 years. A depreciable asset's anticipated useful economic life is reviewed periodically by an independent expert valuer and the accumulated and future depreciation adjusted in accordance with FRS 15.

Leasehold land and buildings are amortised over the life of the lease.

Assets under construction are not depreciated until the month following the month in which they become available for operational use.

Donated Assets

Where it is not possible to obtain a reliable cost or valuation or where the cost of obtaining a valuation is greater than the benefit to the users of the financial statements for inherited or donated assets these assets are not capitalised and are not included on the Balance Sheet.

Acquisition with the aid of specific grants

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

Repairs and maintenance

Maintenance expenditure is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Equipment

Equipment costing less than £10,000 is written off in full in the year of acquisition. Capitalised equipment and furnishings are stated at cost and depreciated on a straight line basis over their expected useful lives as follows:

Telecommunications Systems:	7 Years
General Furnishings and Equipment	7 Years
IT Equipment:	4 Years

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

Where equipment is acquired with the aid of a specific grant, the grant is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment.

Investments

Listed investments are stated at market value and heritable property investments held as endowment assets are stated at open market value. Unlisted investments are stated at cost less any provision for impairment of their value.

Stocks

Stocks for resale and other stocks of material value are included at the lower of their cost or net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date 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 and expenditure for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

Financial Instruments

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

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

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

Donations for fixed assets

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

Gifts in kind

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

Retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of St. Andrews Superannuation and Life Assurance Scheme (S & LAS). The schemes are defined benefit schemes that are contracted out of the State Earnings-Related Pension Scheme.

The USS Scheme assets are held in a separate trustee-administered fund. It is not possible to identify each participating University's share of the underlying assets and liabilities of the scheme; therefore contributions are accounted for as if it were a defined contribution scheme.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

The S & LAS scheme assets are held in a separate trustee-administered fund and are measured using market value. The liabilities of the scheme are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Any increase in the present values of the liability in the scheme expected to arise from employee service in the period is charged to the income and expenditure account. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs, within interest payable or 'investment income' within endowment and investment income. Actuarial gains and losses are reflected in the statement of total recognised gains and losses.

The University continues to make a small and diminishing number of supplementation payments to retired members of the FSSU pension scheme. The liabilities of this scheme can be estimated under FRS17 and have been included in the financial statements.

Provisions

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits 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 risks 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 a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

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

University Collections and Heritage Assets

The University holds significant collections comprising art and silver; historical instruments; books and other artefacts which, in 1993 with advice from the University Advisory Committee on Collections and Exhibitions were indicatively valued at £75.3million. The University holds these collections primarily for its core purpose of teaching and research therefore they do not fall within the definition of heritage assets and are not included in the University's Balance Sheet.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2009

	Notes	Consolidated Year ended 31 July 2009	Consolidated Year ended 31 July 2008
		£000	£000
INCOME			
Funding council grants	1	41,541	40,866
Tuition fees and education contracts	2	39,505	31,462
Research grants and contracts	3	35,774	31,197
Other income	4	26,838	23,199
Endowment & investment income	5	3,403	2,399
Total income		147,061	129,123
EXPENDITURE			
Staff costs	6	84,852	78,608
Other operating expenses		45,717	38,365
Depreciation	9	8,518	8,624
Interest and other finance costs	7	4,086	2,906
Total expenditure	8	143,173	128,503
Surplus after depreciation of tangible assets and before tax		3,888	620
Taxation		0	0
Surplus after depreciation of tangible assets and taxation		3,888	620
Loss on disposal of fixed assets		(27)	(61)
Surplus on continuing operations after depreciation of assets, disposal of assets and taxation		3,861	559
Surplus for the year transferred to accumulated income in endowment funds	19	619	564
Surplus for the year retained within general reserves	20	4,480	1,123

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2009

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£000	£000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		3,861	559
Depreciation of endowment assets	19	(2,575)	(4,062)
New endowments	19	344	910
Revaluation of fixed asset investment	20	0	(465)
Actuarial loss in respect of pension schemes	32	(3,230)	(11,090)
Total recognised losses relating to the year		(1,600)	(14,148)
 Reconciliation			
Opening reserves and endowments as previously reported		61,282	74,817
Prior Year Adjustment (expendable endowments)		0	613
Opening reserves and endowments as restated		61,282	75,430
Total recognised losses relating to the year		(1,600)	(14,148)
Closing reserves and endowments		59,682	61,282

BALANCE SHEETS
As at 31 July 2009

	Notes	Year ended 31 July 2009		Year ended 31 July 2008	
		Consolidated	University	Consolidated	University
Fixed assets		£000	£000	£000	£000
Tangible Assets	9	182,402	176,981	145,472	140,019
Investments	10	233	1,527	357	1,651
		<u>182,635</u>	<u>178,508</u>	<u>145,829</u>	<u>141,670</u>
Endowment assets	11	<u>31,924</u>	<u>31,924</u>	<u>34,774</u>	<u>34,774</u>
Current assets					
Stock	12	501	464	462	444
Debtors	13	11,843	15,948	13,537	18,021
Investments	14	8,044	8,044	25,240	25,240
Cash at bank and in hand		21,730	21,295	22,880	22,414
		<u>42,118</u>	<u>45,751</u>	<u>62,119</u>	<u>66,119</u>
Less: Creditors : amounts falling due within one year	15	<u>(37,116)</u>	<u>(38,451)</u>	<u>(30,363)</u>	<u>(31,662)</u>
Net current assets		<u>5,002</u>	<u>7,300</u>	<u>31,756</u>	<u>34,457</u>
Total assets less current liabilities		219,561	217,732	212,359	210,901
Less: Creditors: amounts falling due after more than one year	16	(92,227)	(92,132)	(90,666)	(90,571)
Less: Provision for liabilities	17	(154)	(154)	(165)	(165)
Net assets excluding pension liability		<u>127,180</u>	<u>125,446</u>	<u>121,528</u>	<u>120,165</u>
Net pension liability	32	<u>(22,010)</u>	<u>(22,010)</u>	<u>(19,370)</u>	<u>(19,370)</u>
Total net assets including pension liability		<u>105,170</u>	<u>103,436</u>	<u>102,158</u>	<u>100,795</u>
Deferred capital grants	18	<u>45,488</u>	<u>45,090</u>	<u>40,876</u>	<u>40,461</u>
Endowments					
Expendable	19	480	480	406	406
Permanent	19	31,444	31,444	34,368	34,368
		<u>31,924</u>	<u>31,924</u>	<u>34,774</u>	<u>34,774</u>
Reserves					
Income and expenditure account excluding pension reserve	20	49,768	48,432	45,878	44,930
Pension reserve	32	<u>(22,010)</u>	<u>(22,010)</u>	<u>(19,370)</u>	<u>(19,370)</u>
Income and expenditure account including pension reserve		<u>27,758</u>	<u>26,422</u>	<u>26,508</u>	<u>25,560</u>
TOTAL FUNDS		<u>105,170</u>	<u>103,436</u>	<u>102,158</u>	<u>100,795</u>

Approved by the University Court of the University of St. Andrews on 16 October 2009 and signed on its behalf by:

Dr Louise Richardson, Principal and Vice-Chancellor

Ewan Brown, Senior Governor

Derek A. Watson, Quaestor and Factor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2009

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£000	£000
Cash flow from operating activities	21	17,773	4,367
Returns on investments and servicing of finance	22	(1,157)	(877)
Capital expenditure and financial investment	23	(36,442)	(4,989)
Management of liquid resources	24	17,196	(25,240)
Financing	25	871	41,782
(Decrease)/ Increase in cash in period		<u>(1,759)</u>	<u>15,043</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/ Increase in cash in period	26	(1,759)	15,043
Cash inflow from new secured loans	25	(871)	(90,000)
Cash outflow repaying old loan	25	0	48,218
Change in short term deposits	24	<u>(17,196)</u>	<u>25,240</u>
Change in net debt	26	<u>(19,826)</u>	<u>(1,499)</u>
Net debt at 1 August		(41,211)	(39,712)
Net debt at 31 July	26	<u>(61,037)</u>	<u>(41,211)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

1 FUNDING COUNCIL GRANTS	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
SFC recurrent teaching grant	18,953	19,039
SFC recurrent research grant	17,724	16,178
Other SFC grants	2,904	3,635
Deferred capital grants released in the year:		
Buildings	18 1,220	1,135
Equipment	18 740	879
	<u>41,541</u>	<u>40,866</u>
 2 TUITION FEES AND EDUCATION CONTRACTS	 Year ended 31 July 2009 £000	 Year ended 31 July 2008 £000
Full-time home and EU students	11,433	9,267
Full-time international students	23,262	17,838
Part-time home and EU students	199	155
Part-time international students	42	38
Research training support grants	2,428	1,569
Short course fees	2,008	2,503
Other fees	133	92
	<u>39,505</u>	<u>31,462</u>
 3 RESEARCH GRANTS AND CONTRACTS	 Year ended 31 July 2009 £000	 Year ended 31 July 2008 £000
Research Councils	20,630	16,838
UK government bodies, local and health authorities	4,456	7,435
UK based charities	3,022	2,871
UK industry, commerce and public corporations	1,596	1,490
EU government bodies	3,245	2,360
EU other	421	290
Other overseas	1,536	1,211
Other sources	151	33
Total of direct cost and overhead recovered	<u>35,057</u>	<u>32,528</u>
Income deferred to match capitalised purchases	18 (1,349)	(2,938)
Release of deferred capital grant for research grant	18 2,066	1,607
	<u>35,774</u>	<u>31,197</u>
 4 OTHER INCOME	 Year ended 31 July 2009 £000	 Year ended 31 July 2008 £000
Residences, catering and conferences	18,412	16,454
Consultancy, knowledge transfer and cultural engagement	1,873	1,208
Released from deferred capital grants	18 428	351
Distance Learning	920	813
Gifts & Donations	380	435
Academic Conferences	585	822
Sports Facility Income	369	340
Consumables and services recharged to research partner	591	488
Royalty Income	348	345
Other operating income	2,932	1,943
	<u>26,838</u>	<u>23,199</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

5 ENDOWMENT AND INVESTMENT INCOME	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Income from permanent endowments	19 1,148	1,090
Income from short-term investments	2,395	939
Net return on pension scheme	32 (140)	370
	<u>3,403</u>	<u>2,399</u>
6 STAFF COSTS	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Staff Costs:		
Salaries	70,455	65,082
Social security costs	5,460	5,285
Other pension costs	8,937	8,241
Total	<u>84,852</u>	<u>78,608</u>
Emoluments of Principal	£000	£000
Salary	220	214
Benefits in kind	20	12
Pension contributions to USS	32	26
	<u>32</u>	<u>26</u>

Dr Brian Lang retired as Principal on 31 December 2008 and Dr Louise Richardson commenced employment as Principal on 1 January 2009

Remuneration of higher paid staff, excluding employer's pension contributions	Number	Number
£70,001 - £80,000	42	38
£80,001 - £90,000	30	26
£90,001 - £100,000	22	15
£100,001 - £110,000	8	5
£110,001 - £120,000	5	2
£120,001 - £130,000	3	2
£130,001 - £140,000	1	0
£140,001 - £150,000	1	0
£150,001 - £160,000	1	0
£200,001 - £210,000	1	1
£210,001 - £220,000	0	1
	<u>114</u>	<u>90</u>

Compensation for loss of office payable to senior post-holders	£000	£000
Compensation payable	0	86

The compensation paid was in accordance with the University's remuneration policy

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

6 STAFF COSTS (cont'd)	Year ended 31 July 2009	Year ended 31 July 2008
Average staff numbers by major category:	Number	Number
Academic	774	762
Academic / teaching support services	222	210
Research	385	362
Administration	280	267
Premises	183	174
Catering & residences	237	222
	<u>2,081</u>	<u>1,997</u>
 7 INTEREST AND OTHER FINANCE COSTS	 Year ended 31 July 2009	 Year ended 31 July 2008
	£000	£000
Interest paid to endowments	105	94
Loans repayable wholly or partly in more than five years	3,981	2,812
	<u>4,086</u>	<u>2,906</u>
 8 ANALYSIS OF TOTAL EXPENDITURE BY	 Year ended 31 July 2009	 Year ended 31 July 2008
	£000	£000
Academic Schools	55,001	52,123
Academic support services	7,366	6,994
Central services	16,897	14,389
Premises	14,944	12,989
Research grants and contracts	27,157	23,908
Residences, catering and conferences	15,077	13,287
Other expenses	6,731	4,813
	<u>143,173</u>	<u>128,503</u>
 Other operating expenses include:		
External auditors remuneration in respect of audit services	53	53
External auditors remuneration in respect of non-audit	9	26
Internal audit	54	53
Hire of plant and equipment	58	42

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

9 TANGIBLE FIXED ASSETS

Consolidated

	Land & Buildings		Assets under Construction	Equipment & Furniture	Total
	Freehold £'000	Leasehold £'000			
Cost					
At 1 August 2008	150,160	73	8,899	48,840	207,972
Additions	1,475	0	41,601	2,802	45,878
Transfers	11,190	0	(11,917)	727	0
Disposals	(475)	0	(110)	(408)	(993)
At 31 July 2009	162,350	73	38,473	51,961	252,857
Depreciation					
At 1 August 2008	24,428	57	0	38,015	62,500
Charge for Period	4,140	2	0	4,376	8,518
Disposals	(166)	0	0	(397)	(563)
At 31 July 2009	28,402	59	0	41,994	70,455
Net Book Value					
At 31 July 2009	133,948	14	38,473	9,967	182,402
At 31 July 2008	125,732	16	8,899	10,825	145,472
Financed by capital grant	28,581	0	10,720	5,617	44,918
Other	105,367	14	27,753	4,350	137,484
Net book value at 2009	133,948	14	38,473	9,967	182,402

University

	Land & Buildings		Assets under Construction	Equipment & Furniture	Total
	Freehold £'000	Leasehold £'000			
Cost					
At 1 August 2008	143,876	73	8,899	48,352	201,200
Additions	1,475	0	41,589	2,665	45,729
Transfers	11,190	0	(11,917)	727	0
Disposals	(475)	0	(110)	(408)	(993)
At 31 July 2009	156,066	73	38,461	51,336	245,936
Depreciation					
At 1 August 2008	23,576	57	0	37,548	61,181
Charge for Period	3,980	2	0	4,355	8,337
Disposals	(166)	0	0	(397)	(563)
At 31 July 2009	27,390	59	0	41,506	68,955
Net Book Value					
At 31 July 2009	128,676	14	38,461	9,830	176,981
At 31 July 2008	120,300	16	8,899	10,804	140,019
Financed by capital grant	28,183	0	10,720	5,617	44,520
Other	100,493	14	27,741	4,213	132,461
Net book value at 2009	128,676	14	38,461	9,830	176,981

Included within fixed assets is an amount of £1,536,319 (2007/08 - £1,033,121) of capitalised finance costs. £614,368 of finance costs were capitalised during 2008/09 while £111,170 was expensed in line with depreciation. A monthly capitalisation rate was used which averaged at 5.11% for the year. Buildings and equipment with a cost of £71.8 million and a net book value of £61.4million have been financed in part or in whole by Treasury sources. Should these assets be sold the University may have to surrender the relevant proceeds to the Treasury or use them in accordance with the Financial Memorandum with the SFC.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

10 FIXED ASSETS INVESTMENTS	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidated £000	University £000
Subsidiary companies	0	1,294	0	1,294
Non-subsidiary investments in spinouts	1	1	125	125
Other fixed asset investments	232	232	232	232
	<u>233</u>	<u>1,527</u>	<u>357</u>	<u>1,651</u>

11 ENDOWMENT ASSET INVESTMENTS	As at	As at
	31 July 2009	31 July 2008
	£000	£000
Consolidated and University		
Balance as at 1 August	34,774	38,490
Additions	1,144	23,750
Disposals	(157)	(29,500)
Depreciation	(2,575)	(4,062)
Debtor movement	(653)	4,946
Cash movement	(609)	1,150
Balance as at 31 July	<u>31,924</u>	<u>34,774</u>
Represented by:		
Fixed Interest Stocks	0	0
Equities	24,084	25,673
Land & Property	1,225	1,225
Amounts included within short term deposits	6,066	6,683
Debtors	7	43
Bank, Building Society & Other Deposits	542	1,150
Total Endowment Assets	<u>31,924</u>	<u>34,774</u>

12 STOCKS	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of finished goods	501	464	462	444

13 DEBTORS	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year:				
Trade debtors	2,835	2,584	1,589	1,456
Debts due from students	382	382	439	439
Research debt	6,790	6,790	9,095	9,095
Prepayments and accrued income	1,645	1,645	2,388	2,388
Other debtors	191	187	26	26
Amounts due from subsidiary companies	0	4,360	0	4,617
	<u>11,843</u>	<u>15,948</u>	<u>13,537</u>	<u>18,021</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

14 INVESTMENTS

	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing in one year or less	8,044	8,044	25,240	25,240
	8,044	8,044	25,240	25,240

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidated £000	University £000
Payments received in advance	7,979	7,979	5,400	5,400
Research grants received on account	8,957	8,957	7,372	7,372
Trade creditors	3,907	3,788	4,001	3,969
Social security and other taxation payable	2,051	2,011	1,699	1,675
Amounts owed to group undertakings	0	1,580	0	1,580
Accruals and deferred income	14,222	14,136	11,891	11,666
	37,116	38,451	30,363	31,662

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £000	University £000	Consolidate £000	University £000
Unsecured loan	91,257	91,257	90,386	90,386
Cumulative convertible redeemable pref shares	95	0	95	0
Other long term creditors	875	875	185	185
	92,227	92,132	90,666	90,571

Analysis of secured and unsecured loans:

Due within one year or on demand	0	0	0	0
Due between one and two years	0	0	0	0
Due between two and five years	1,257	1,257	386	386
Due in five years or more	90,000	90,000	90,000	90,000
	91,257	91,257	90,386	90,386

Due within one year or on demand	0	0	0	0
Due after more than one year	91,257	91,257	90,386	90,386

Unsecured loans repayable by 2010	0	0	0	0
Unsecured loans repayable by 2014	1,257	1,257	386	386
Unsecured loans repayable by 2026	30,000	30,000	30,000	30,000
Unsecured loans repayable by 2048	60,000	60,000	60,000	60,000
	91,257	91,257	90,386	90,386

Included in loans are the following:

	Amount £000	Repayments Commence	Interest Rate
Barclays Bank Plc	30,000	2019	5.34%
Barclays Bank Plc	60,000	2036	5.06%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

17 PROVISIONS FOR LIABILITIES

Consolidated and University	FSSU Unfunded Pension £000	Early Retirement & Restructuring Provision £000	Total £000
At 1 August 2008	53	112	165
Utilised in year	(8)	(112)	(120)
Transfer (to)/ from income and expenditure account	(6)	115	109
At 31 July 2009	<u>39</u>	<u>115</u>	<u>154</u>

Watson Wyatt, an independent firm of actuaries, carried out a valuation of the existing pension provision at 31 July 2009. Persons retiring under the F.S.S.U. scheme, or who have already retired under the scheme, are entitled as of right to additional benefits that may arise under the F.S.S.U. Supplementation Scheme. These additional benefits are unfunded and are paid, as and when they arise, direct to retired members by Court and are charged against a provision established when members retire to meet this liability.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

18 DEFERRED CAPITAL GRANTS	SFC	Research	Other	Total
Consolidated	£000	Grants	Grants	£000
As 1 August 2008	£000	£000	£000	£000
Buildings	25,937	0	7,873	33,810
Equipment	1,656	4,989	421	7,066
Total	27,593	4,989	8,294	40,876
Cash receivable				
Buildings	5,693	0	2,565	8,258
Equipment	107	1,349	8	1,464
Total	5,800	1,349	2,573	9,722
Disposals				
Buildings	(395)	0	(250)	(645)
Equipment	0	(11)	0	(11)
Total	(395)	(11)	(250)	(656)
Released to income and expenditure account				
Buildings (notes 1, 3 and 4)	(1,220)	0	(332)	(1,552)
Equipment (notes 1, 3 and 4)	(740)	(2,066)	(96)	(2,902)
Total	(1,960)	(2,066)	(428)	(4,454)
At 31 July 2009				
Buildings	30,015	0	9,856	39,871
Equipment	1,023	4,261	333	5,617
Total	31,038	4,261	10,189	45,488
University	SFC	Research	Other	Total
		Grants	Grants	£000
As 1 August 2008				
Buildings	25,522	0	7,873	33,395
Equipment	1,656	4,989	421	7,066
Total	27,178	4,989	8,294	40,461
Cash receivable				
Buildings	5,693	0	2,565	8,258
Equipment	107	1,349	8	1,464
Total	5,800	1,349	2,573	9,722
Disposals				
Buildings	(395)	0	(250)	(645)
Equipment	0	(11)	0	(11)
Total	(395)	(11)	(250)	(656)
Released to income and expenditure account				
Buildings (notes 1, 3 and 4)	(1,203)	0	(332)	(1,535)
Equipment (notes 1, 3 and 4)	(740)	(2,066)	(96)	(2,902)
Total	(1,943)	(2,066)	(428)	(4,437)
At 31 July 2009				
Buildings	29,617	0	9,856	39,473
Equipment	1,023	4,261	333	5,617
Total	30,640	4,261	10,189	45,090

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

19 ENDOWMENTS

Consolidated and University

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2009 Total £'000	2008 Total £'000
Balances at 1 August						
Capital	2,092	31,330	33,422	406	33,828	37,662
Accumulated income	0	946	946	0	946	828
	<u>2,092</u>	<u>32,276</u>	<u>34,368</u>	<u>406</u>	<u>34,774</u>	<u>38,490</u>
Additions / Disposals	0	(320)	(320)	664	344	910
Investment income	34	1,114	1,148	0	1,148	1,090
Expenditure	(34)	(1,143)	(1,177)	(590)	(1,767)	(1,654)
	0	(29)	(29)	(590)	(619)	(564)
Decrease in market value of investments	(212)	(2,363)	(2,575)	0	(2,575)	(4,062)
At 31 July	<u>1,880</u>	<u>29,564</u>	<u>31,444</u>	<u>480</u>	<u>31,924</u>	<u>34,774</u>
Represented by:						
Capital	1,880	28,647	30,527	480	31,007	33,828
Accumulated Income	0	917	917	0	917	946
	<u>1,880</u>	<u>29,564</u>	<u>31,444</u>	<u>480</u>	<u>31,924</u>	<u>34,774</u>

20 MOVEMENT ON RESERVES

	Consolidated £000	University £000
Income and expenditure account		
At 1 August 2008	45,878	44,930
Surplus retained for the year	4,480	4,092
Deduct pension surplus	(590)	(590)
At 31 July 2009	<u>49,768</u>	<u>48,432</u>
Pension Reserve		
At 1 August 2008	(19,370)	(19,370)
Actuarial (loss)/gain	(3,230)	(3,230)
Surplus retained within reserves	590	590
At 31 July 2009	<u>(22,010)</u>	<u>(22,010)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

21 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES	Year ended 31 July 2009	Year ended 31 July 2008
Notes	£000	£000
Surplus after depreciation of assets, disposal of assets and taxation	3,861	559
Depreciation	8,518	8,624
Amortisation of goodwill	0	34
Deferred capital grants released to income	(4,454)	(3,971)
Investment income	(3,403)	(2,399)
Loss on sale of tangible fixed assets	27	61
Impairment of fixed asset investment	124	0
Interest payable	4,086	2,906
Increase in stocks	(39)	(64)
Decrease / (increase) in debtors	1,694	(3,184)
Increase in creditors	8,100	2,655
Decrease in provisions	(11)	(224)
Pension costs less contributions payable	(730)	(630)
Net cash inflow from operating activities	<u>17,773</u>	<u>4,367</u>
22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	Year ended	Year ended
	31 July 2009	31 July 2008
	£000	£000
Income from endowments	1,148	1,090
Other interest received	2,395	939
Interest paid	(4,700)	(2,906)
	<u>(1,157)</u>	<u>(877)</u>
23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	Year ended	Year ended
	31 July 2009	31 July 2008
	£000	£000
Payments made to acquire tangible fixed assets	(45,514)	(21,112)
Proceeds from sale of tangible fixed assets	(12)	(14)
Payments made to acquire fixed asset investments	0	(102)
Receipts from sales of fixed asset investments	5	36
Payments to acquire endowment assets	(1,144)	(23,750)
Receipts from sales of endowment asset investments	157	29,500
Deferred capital grants received	9,722	9,543
Endowments received	344	910
	<u>(36,442)</u>	<u>(4,989)</u>
24 MANAGEMENT OF LIQUID RESOURCES	Year ended	Year ended
	31 July 2009	31 July 2008
	£000	£000
New Short Term deposits	0	25,240
Reduction in Short term deposits	(17,196)	0
	<u>(17,196)</u>	<u>25,240</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

25 FINANCING

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
New unsecured loan	871	90,000
Repayments of amounts borrowed	0	(48,218)
	871	41,782

26 ANALYSIS OF CHANGE IN NET DEBT

	At 1 August 2008	Cash Flows	At 31 July 2009
	£000	£000	£000
Cash			
At Bank and in hand	22,880	(1,150)	21,730
Endowment cash	1,150	(609)	541
	24,030	(1,759)	22,271
Short term investments	25,240	(17,196)	8,044
Debt due after one year	(90,386)	(871)	(91,257)
Preference Shares	(95)	0	(95)
	(41,211)	(19,826)	(61,037)

27 CAPITAL AND OTHER COMMITMENTS

Consolidated and University

Provision has not been made for the following capital commitments at 31st July 2009

	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	19,343	19,343	42,851	42,851
Authorised but not contracted for	14,761	14,761	4,468	4,468
	34,104	34,104	47,319	47,319

28 LEASE OBLIGATIONS

Consolidated and University

	Year ended 31 July 2009		Year ended 31 July 2008	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Annual rentals under operating leases are as follows:				
Leases expiring less than five years				
Equipment	27	27	32	32
	27	27	32	32

29 POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

**30 Amounts disbursed as agent:
Consolidated and University**

Discretionary fund

	Year ended 31 July 2009		Year ended 31 July 2008	
	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2008	10		0	
Funding Council grants	308		322	
Transfers from childcare fund	1		18	
Interest earned	4	323	8	348
	<u>4</u>		<u>8</u>	
Expenditure				
Disbursed to students	(323)		(338)	
Fund running cost	0	(323)	0	(338)
	<u>0</u>		<u>0</u>	
Excess of income over expenditure at 31 July 2009		<u>0</u>		<u>10</u>

Childcare fund

	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2008	3		3	
Funding Council grants	21		30	
Interest earned	1	25	1	34
	<u>1</u>		<u>1</u>	
Expenditure				
Transfers to Hardship Fund	(1)		(18)	
Disbursed to students	(22)		(11)	
Fund running cost	0	(23)	(2)	(31)
	<u>0</u>		<u>(2)</u>	
Excess of income over expenditure at 31 July 2009		<u>2</u>		<u>3</u>

Part-time discretionary fund

	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2008	0		0	
Funding Council grants	6		0	
Interest earned	0	6	0	0
	<u>0</u>		<u>0</u>	
Expenditure				
Transfers to Hardship Fund	0		0	
Disbursed to students	(6)	(6)	0	0
	<u>(6)</u>		<u>0</u>	
Excess of income over expenditure at 31 July 2009		<u>0</u>		<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

HE bursaries and other student support funds are available solely to assist students: the University acts only as a paying agent. The grants and related disbursements are excluded from the Income and Expenditure Account.

31 DISCLOSURE OF RELATED PARTY TRANSACTIONS

Due to the nature of the University's activities and the composition of Court (being drawn from local public and private sector organisations) transactions may take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The Principal of the University until 31 December 2008, Dr Brian Lang, was also the Chairman of the Heritage Lottery Fund, Scotland. The University was previously awarded a grant of £449,000 from the Heritage Lottery Fund, Scotland towards the development of the New St Andrews University Museum which was opened in Autumn 2008. In 2008/09 the University received £182,000 (2007/08; £216,116) of this grant and it was transferred to deferred capital.

32 PENSION ARRANGEMENTS

The University contributes to two pension schemes for its staff.

Universities Superannuation Scheme (U.S.S.)

The Universities Superannuation Scheme (USS) is a UK-wide defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The appointment of directors to the board of the trustee is determined by the Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice. It is not possible to identify each participating University's share of the underlying assets and liabilities of the scheme and contributions to the scheme therefore, as required by FRS17 "Retirement Benefits"; it is accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is equal to the contributions payable to the scheme for the year.

The USS is valued every three years by a qualified actuary, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary based on the latest actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective which is to have sufficient and appropriate assets to cover their technical provision.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

32 PENSION ARRANGEMENTS (continued)

The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An “inflation risk premium” adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England’s target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% annum (plus an additional allowance for increases in salaries due to age and promotion reflecting the historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members’ mortality	PA92 MC ToB tables – rated down 1 year
Female members’ mortality	PA92 MC YoB tables – no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,843 million and the value of the scheme’s technical provision was £28,135 million indicating a surplus of £707 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the schemes’ historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provision except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic salary experience. However when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

32 PENSION ARRANGEMENTS (continued)

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of the pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated the funding level under the new scheme-specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in Assumption	Impact on Scheme Liabilities
Valuation rate of interest	Increase / decrease by 0.5%	Decrease / increase by £2.2 billion
Rate of pension increases	Increase / decrease by 0.5%	Increase / decrease by £1.5 billion
Rate of salary growth	Increase / decrease by 0.5%	Increase / decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

The USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in the USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The Trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The Trustees recognise that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However in order to meet the long-term funding objective within a level of contributions that it considers employer would be willing to make the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the Trustees receive advice from its investment consultant and the scheme actuary, and considers the view of employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The Trustees believe that this, together with the ongoing flow of new entrants in the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed directly through to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

32 PENSION ARRANGEMENTS (continued)

At 31 March 2009, USS had over 130,000 active members and the University had 1,028 members participating in the scheme.

The total USS pension cost for the University was £6.503 million (2007/08 - £6.083 million). This includes £0.559 million (2007/08 - £0.445million) of outstanding contributions at the balance sheet date. The contribution rate payable by the University was 14% of pensionable salaries. Employees' regular contributions were £2.965 million (2007/08 - £2.776 million) and £0.403 million (2007/08 - £0.382 million) in respect of additional voluntary contributions.

St. Andrews University Superannuation & Life Assurance Scheme

The University is required to disclose the present value of the scheme assets and liabilities. A full actuarial valuation of the scheme was carried out at 31 July 2006 and updated to 31 July 2009 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

	Year ended 31 July 2009	Year ended 31 July 2008	Year ended 31 July 2007
Rate of increase in salaries	4.50%	4.90%	4.10%
Rate of increase in benefits accruing prior to 6 April 2006	3.50%	3.90%	3.10%
Rate of increase in benefits accruing from 6 April 2006	2.50%	2.50%	2.50%
Discount Rate	6.00%	6.50%	5.80%
Inflation assumption	3.50%	3.90%	3.10%

The current mortality assumptions include sufficient allowance for future mortality improvements in mortality rates. The assumed life expectancies on retirement at age 65 are:

	As at 31 July 2009	As at 31 July 2008
Retiring today:		
Males	20.3	20.5
Females	22.9	22.8
Retiring in 20 years:		
Males	22.2	22.4
Females	24.8	24.7

The fair value of the assets of the scheme and the expected rate of return are:

	Long term rate of return expected at 31 July 2009	Value at 31 July 2009	Long term rate of return expected at 31 July 2008	Value at 31 July 2008 £000	Long term rate of return expected at 31 July 2007	Value at 31 July 2007 £000
Equities	8.40%	28,780	8.80%	29,560	8.00%	38,830
Bonds	-	-	-	-	5.10%	5,930
Alternatives	8.40%	14,880	8.80%	14,170	-	0
Cash	1.00%	20	4.90%	100	4.10%	160
		43,680		43,830		44,920

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

32 PENSION ARRANGEMENTS (continued)

The following amounts were measured in accordance with the requirements of FRS17:

	As at 31 July 2009 £000	As at 31 July 2008 £000
Total market value of scheme assets	43,690	43,830
Present value of scheme liabilities	<u>(65,700)</u>	<u>(63,200)</u>
Deficit in scheme - Net pension liability	<u>(22,010)</u>	<u>(19,370)</u>

Amounts charged to income and expenditure account:

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Current service cost	2,600	1,770
Past service cost	<u>180</u>	<u>80</u>
Total operating charge	<u>2,780</u>	<u>1,850</u>

Net finance return / (charge) on pension scheme

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Expected return on pension scheme assets	3,890	3,460
Interest on pension scheme liabilities	<u>(4,030)</u>	<u>(3,090)</u>
Net credit to financing cost	<u>(140)</u>	<u>370</u>

Amounts recognised in the statement of total recognised gains and losses

	As at 31 July 2009 £000	As at 31 July 2008 £000
(Loss) / gain on scheme assets	(4,910)	(5,250)
Experience losses arising on scheme liabilities	380	(2,440)
Changes in assumptions underlying the present value of scheme liabilities	<u>1,300</u>	<u>(3,400)</u>
Actuarial (loss) / gain recognised in statement of total recognised gains & losses	<u>(3,230)</u>	<u>(11,090)</u>

The total movement in the scheme's deficit during the year is made up as follows:

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Deficit on scheme at 1 August	(19,370)	(9,280)
<i>Movement in year:</i>		
Current service cost	(2,600)	(1,770)
Contributions	3,510	2,480
Past service costs	(180)	(80)
Other finance income	(140)	370
Actuarial (loss) / gain	<u>(3,230)</u>	<u>(11,090)</u>
Deficit on scheme at 31 July	<u>(22,010)</u>	<u>(19,370)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2009

32 PENSION ARRANGEMENTS (continued)

The University has contributed to the scheme at the following rates of pensionable salary:

			Year ended 31 July 2009	Year ended 31 July 2008	
			<u>20.23%</u>	<u>20.23%</u>	
History of experience gains and losses	2009	2008	2007	2006	2005
Difference between the expected and actual return on scheme assets					
Amount (£'000)	4,910	5,250	(1,080)	170	(3,710)
Percentage of scheme assets	11.2%	12.0%	4.0%	0.4%	10.3%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(380)	2,440	790	450	1,030
Percentage of the present value of the scheme liabilities	0.6%	3.9%	1.5%	0.8%	2.0%
Total amount recognised in the statement of total recognised gains and losses					
Amount (£'000)	3,230	11,090	(8,610)	1,620	2,330
Percentage of the present value of the scheme liabilities	4.9%	17.5%	15.9%	2.8%	4.5%

33 Subsidiary companies:

The University owns 100% of the following operating subsidiaries

<i>Company</i>	<i>Share capital</i>	<i>Country of incorporation</i>	<i>Activity</i>
St. Andrews University Services Ltd.	£2	Scotland	Vacation letting Property
University of St Andrews Gateway Ltd	£2	Scotland	development
Photosynergy Ltd	£200	Scotland	Laser Lighting
SMRU Ltd.	£200	Scotland	Marine Science

34 Collections

The University holds extensive collections of assets primarily for the purposes of transferring knowledge and promoting culture which are not disclosed on its Balance Sheet, as outlined in its Accounting Policies. The overall collection, which is managed as a number of smaller distinct collections, is fully registered with the Museums, Libraries and Archives Council. Three of the distinct collections have been formally recognised by the Scottish Government as being 'collections of national significance for Scotland'.

The collections include Art and Silver, historical instruments, muniments (historical photographs etc), furniture and furnishings, books (rare volumes and manuscripts) along with a wide range of historical artefacts.

The University does not charge for admission to view its collections which it displays to the general public via its website, the Museum of the University of St Andrews (MUSA), the Bell Pettigrew Museum, the Gateway Galleries, the Library and throughout the University estate.