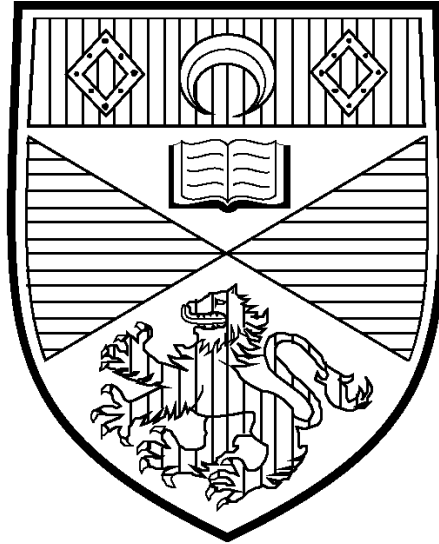


*Reports and Financial Statements
of the University Court
for the year to 31 July 2015*



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 A. Moffat (until 31 October 2014)
Ms C. Stihler (from 1 November 2014)

Senior Governor, Vice-President

Sir E. Brown

The Principal

Professor L. Richardson

Deputy Principal & Master of United College

Professor G. Taylor

The Chancellor's Assessor

Sir E. Brown

The Rector's Assessor

Mr P. Mathewson (until 31 October 2014)
Ms A. Newman (from 1 November 2014)

Fife Council, Provost of Fife's Assessor

Cllr B. Poole

Assessors of the General Council

Mr K. Cochran
Mr N. Christie

Assessors of the Senatus Academicus

Dr B. Bildhauer (until 31 July 2015)
Dr P. Roscoe (from 24 September 2015)
Professor F. Andrews
Dr C. Hooley
Professor J. Naismith

Non-Teaching Staff Member

Mr D. Stutchfield

Student Representatives

Mr P. Mathewson, *President of the Students' Association*
Mr O. Hajda, *Director of Representation* (until 30 June 2015)
Mr J. Tantillo, *Director of Representation* (from 1 July 2015)

Non-Executive Members

Mr K. Dalton
Sir J. Elvidge
Mr M. Jones
Professor S. Monro
Mr N. Morecroft
Dr M. Popple
Dame A. Pringle
Professor Sir D. Wallace

Secretary of the Court

Professor N. Beech (until 30 September 2014)
Vacant (from 1 October 2014 until 16 April 2015)
Mr A. Merrill (from 17 April 2015)

MEMBERSHIP OF COURT AND COMMITTEES

Members

Status

AUDIT & RISK COMMITTEE

Dr M. Popple (Convener)	Non-executive member
Professor S. Monro	Non-executive member
Mr N. Christie	Member of Court
Mr N. Morecroft	Non-executive member
Mr J. Lindsay	Court nominee
Ms A. Faulds	Court nominee

Secretary: Executive Officer to Court

GOVERNANCE & NOMINATIONS COMMITTEE

Sir B. Ivory (Convener)	External convener
Senior Governor	<i>ex officio</i>
The Principal	<i>ex officio</i>
President of the Students' Association	<i>ex officio</i>
Mr N. Morecroft	Non-executive member
Mr K. Dalton	Non-executive member
Dr B. Bildhauer (from 6 November 2014 until 31 July 2015)	Senate Assessor
Vacancy (from 1 August 2015)	-

Secretary: Executive Officer to Court

MEMBERSHIP OF COURT AND COMMITTEES

Members

Status

PLANNING & RESOURCES COMMITTEE

Senior Governor (Convener)	<i>ex officio</i>
The Principal	<i>ex officio</i>
The Quaestor & Factor	<i>ex officio</i>
President of the Students' Association	<i>ex officio</i>
Sir J. Elvidge	Non-executive member
Mr M. Jones	Non-executive member
Dame A. Pringle	Non-executive member
Professor Sir D. Wallace	Non-executive member
Professor F. Andrews	Senate Assessor
<i>Secretary: Executive Officer to Court</i>	

REMUNERATION & HUMAN RESOURCES COMMITTEE

Senior Governor (Convener)	<i>ex officio</i>
The Principal*	<i>ex officio</i>
Mr K. Dalton	Non-executive member
Mr N. Morecroft	Non-executive member
Professor Sir D Wallace	Non-executive member
Ms L. Dalgarno (from 1 November 2014)	Court nominee
<i>Secretary: PA to the Chief Legal Officer / Chief Legal Officer</i>	

* Matters affecting the Principal's own contract are considered in her absence

CHAIRMAN'S STATEMENT

On behalf of the Court of the University of St Andrews I am pleased to report another very successful year.

In itself, this is a highly commendable achievement. The fact that this success has occurred at a time of unprecedented challenge and upheaval in higher education, in the face of increased domestic and international competition and within ever more restrictive regulatory frameworks, makes it nothing short of remarkable.

As I finalise this report, our University has just been ranked 68th in the world by the QS University World Rankings 2016. This is the highest place ever achieved in a world ranking by St Andrews and is testament not just to the strength and global relevance of the University's research, but its adherence to the values of the highest quality of research-led teaching and the commitment and skill of all who work and study here.

Scotland has a highly diversified higher education sector in which every one of our universities contributes in a myriad of different ways to society, economic impact and the pursuit of knowledge for the common good. This diversity is a key strength, and yet the sector at present is locked in an apparently fruitless argument with the Scottish Government over proposals which aim to homogenise the governance of universities and leverage much greater State control.

While it is vital that we defend the crucial importance of institutional autonomy, we should not allow our attention to drift from the bigger challenges that Scotland and her universities face. At stake is the sustainability of our HE sector, challenged by its current reliance on unstable fee regimes, constitutional uncertainty and the shadow of increasingly muscular international competition. The Scottish Government itself has acknowledged that the attainment gap and our failure as a society to offer all young people an equal chance to flourish academically is one of the biggest threats to future prosperity. We ignore these issues at our peril.

I believe that St Andrews is well placed to meet these challenges. The quality of teaching and the student experience have sustained demand for undergraduate places. For entry in 2014, the University received on average 10 applications for every funded place. Our record on widening access is stronger than ever – one third of our Scottish entrant undergraduates in 2014 had access flags on their applications.

In the Research Excellence Framework published in December 2014, St Andrews emerged as top in Scotland and 14th in the UK for the quality of its research publications across the University. In the overall REF result, which considers additional factors such as research impact and environment, the University was ranked 21st.

In the pre-eminent UK higher education league tables produced by The Guardian and The Times and Sunday Times, St Andrews was ranked 3rd in the UK in each. For the second year in succession The Times and Sunday Times named St Andrews as Scottish University of the Year in recognition of its high academic standards, levels of student satisfaction and quality of teaching.

The financial outcomes for the year, which are described in the Operating & Financial Review on pages 8 to 10, were satisfactory. In the current year we will receive around one fifth of our income from the Scottish state, a statistic which might be considered in light of the current debate on governance.

CHAIRMAN'S STATEMENT

The University has continued to invest prudently in developments which support its strategic aims in student experience, research and teaching. A newly redeveloped Students' Association building has just opened its doors, it is making good progress on a £14 million redevelopment of the Sports Centre and during the year it demolished and rebuilt Fife Park hall of residence to provide over 300 high quality beds.

In May the Cabinet Secretary for Education opened a £3.7 million ultra-low-vibration lab in physics which puts the University at the forefront of research into superconductors and light emitting materials.

New and existing buildings in St Andrews will in future draw their heat from a £25 million Green Energy Centre which the University is establishing at Guardbridge as a keystone of its efforts to be carbon neutral for energy consumption by 2017.

Work has started on this development, and along with the relocation of staff from St Andrews to modernised accommodation at Guardbridge, will pave the way for further renovation of the Main Library, a new home for Special Collections and the provision of enhanced teaching space in the centre of town.

The Principal's Office has developed a new strategic plan in wide consultation with staff. Approved by Court earlier this year, it sets out the vision, principles and actions necessary to allow St Andrews to continue to flourish, notwithstanding the local and global challenges we face.

This will be my last annual report as Senior Governor and I am immensely proud to have worked alongside our Principal & Vice Chancellor, Professor Louise Richardson, who has provided exceptional leadership over the last seven years. For a small University welded to a rock next to the North Sea, miles from anywhere, to have sustained a position in the very upper reaches of higher education in the UK for so long is no mean achievement, and Louise deserves our huge thanks for this.

We are very fortunate to enjoy the intellectual gifts and commitment of our academic community, and the loyalty, skills and support of all our staff, students and alumni. I wish my successor well and am confident that the right people will always make the right things happen for St Andrews.

Ever to Excel.

Sir Ewan Brown
Senior Governor
16 October 2015

ACHIEVEMENTS IN THE YEAR

Rarely a day now passes when the University of St Andrews does not make news in some part of the world. The breadth and depth of the research portfolio coupled with the digital revolution means that St Andrews' achievements and discoveries are now broadcast to a global audience of billions.

Whether it is contributing crucial insight to the Syrian crisis through the work of the Centre for Syrian Studies, helping to save the Chinese White Dolphin through the work of a company spun out from research at the Sea Mammal Research Unit or leading a major effort to tackle tuberculosis in the developing world, St Andrews touches and changes lives across every continent.

It is simply not possible to list every achievement, research grant achieved, medal won, research finding cited or award bestowed. What follows is therefore a snapshot of successes and developments in key areas over the reporting period.

University Ranking and League Tables

- The Times and Sunday Times Good University Guide 2015 – 3rd. Scottish University of the Year for the 2nd year in succession.
- The Guardian University Guide – top in Scotland, 3rd in UK.
- The Complete University Guide – 1st in Scotland and 5th in UK.
- The National Student Survey 2014 – 1st in Scotland, joint 1st in UK.
- The Times Higher University World University Rankings – 111th (up from 117th)
- The QS University World Rankings 2016 – 68th (up from 88th) and 17th in the world for our ability to attract the brightest students from overseas
- The Leiden World Scientific Ranking – top in Scotland, 45th in the world (down from 39th)
- St Andrews consistently high rankings in both national and global league tables place it within the top 1% of world universities.

Research Performance

The Research Excellence Framework 2014 – the definitive analysis of the research strengths of all UK universities - ranked St Andrews top in Scotland for the quality of its research output. The REF 2014 demonstrated that 82% of all research carried out at St Andrews is world-leading or internationally excellent and at least 98% is internationally recognised. St Andrews expanded its complement of top quality research by 22% since the last national assessment of research quality was carried out in 2008. The grade point average of St Andrews' overall research performance grew from 2.72 in 2008 to 3.13 in 2014 which is significantly above the UK sector average GPA of 3.03.

St Andrews Firsts – Continuing to Lead

The University opened the UK's most advanced ultra-low vibration (ULV) laboratory and is on course to become the world's first carbon-neutral University with plans progressing for a £25 million green energy centre at Guardbridge. It became the first Scottish University to launch its own record label – showcasing the musical output of the St Salvator's Chapel Choir and is the first university to host a new "SafePod": a secure, lockable area located in the library that allows researchers across the UK to access controlled data.

ACHIEVEMENTS IN THE YEAR

Students and Alumni

The 2014 undergraduate intake saw our largest ever Scottish entrant population, and at 97%, the University continues to enjoy exceptional retention rates for our undergraduate students.

In April 2015, the University hosted its first ever Alumni Festival: a unique collaboration between the Students' Association, the Athletic Union and the Development Office, the festival offered a variety of more than 20 events and activities enjoyed by hundreds of visitors.

Living and working here

The University is proud to be among 83 universities and research institutes to be awarded Athena SWAN Charter awards. The awards recognise commitment to advancing women's careers in science, technology, engineering, maths and medicine in higher education and research.

Fundraising

In December 2014, the University staged a Gala Fundraising Dinner at the Metropolitan Museum of Art in New York, an event which raised £2.2m for four key projects – 600th Anniversary Scholarship Fund, redevelopment of the Sports Centre, Ultra Low Vibration Lab in Physics and Chemistry and the Lectureship in American Literature endowment. Benchmarked against Ross-CASE data and experience, the New York Gala is believed to be the single most successful fundraising event ever held by a British University.

St Salvator's Quad was refurbished and access improved in a £700,000 project funded almost entirely by donations from alumni, staff and friends.

OPERATING & FINANCIAL REVIEW

Preparation of the financial statements

The financial statements for the year to 31 July 2015 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Scottish Funding Council's (SFC) Accounts Direction. As noted in the statement of principal accounting policies on page 23, the financial statements have been prepared on a historical cost basis as modified to include endowment assets at their market value.

Results for the year

Total income increased by 9.6% to £212.4 million and the surplus for the year was £12.3 million (£5.6 million in 2013/14). There were a number of non-recurring items included within these figures; a £7.5 million development fee relating to the construction of new student accommodation; £1.5 million surplus on activities relating to The Open Golf Championship which is held in St Andrews once every five years; £1.3 million net return on our local S&LAS pension scheme and a £1.4 million impairment of strategic capital projects. Net of these one-off items, the underlying surplus of £3.4 million represents around 1.6% of total income.

Although the overall outcome was favourable to plan, the underlying surplus remains stubbornly short of the medium-term target of 3% (as a proportion of income) and the long-term target of 5% which Court believes is desirable for a sustainable financial future.

Grants received from the SFC were £43.2 million, representing 20.3% of total income, which is down from 22.2% in 2013/14 and 23.0% in 2012/13. This reflects the growth in the University's income from other sources, combined with the phased withdrawal of funding by the Scottish Government for students from the rest of the UK (RUK).

Tuition fee income increased by 8.0% to £77.3 million, reflecting the transfer of funding responsibility from Government to individuals across the rest of the UK, coupled with growth in income from overseas undergraduates and postgraduates. Whilst St Andrews continues to be very successful in attracting high quality overseas students, universities across the UK see the overseas market as a source of growth to help counteract the restrictions on UK supported places, and hence competition to attract these students is increasing. The University's strategy is to ensure it maintains its excellent standards and reputation in order to continue to attract the very best students from around the world.

Research income has increased by 3.2% to £40.5 million which is welcome given the relatively disappointing performance in 2013/14. Following the change in European research funding from the seventh European Framework Programme (FP7) to Horizon 20/20 (which delayed funding calls last year), research applications increased by £52.0 million to £204.0 million in the year which is encouraging and bodes well for continued improvement in research income in the coming years as the expectation of awards increases in line with application levels.

Other income increased by £4.3million to £40.6 million due to higher residence and conference income primarily, but not exclusively, associated with The Open, which is held in St Andrews every five years. The University received higher than expected royalty income, increases in partnership funding of activities and also positive foreign exchange movements.

Endowment and Investment income, which helps to support widening access and provide accommodation support through the funding of scholarships, has decreased to £3.4 million. This was principally due to a reduction in the non-recurring FRS17 calculated net return on pension. Despite increasing cash balances, interest earned stayed static during the year at £0.4million.

OPERATING & FINANCIAL REVIEW

Results for the year (Cont'd)

Staff costs have increased by £3.0 million to £111.8 million. This increase is due mainly to additional costs associated with servicing The Open and the newly re-opened Byre Theatre, on top of the cost of the annual pay award for all staff. This is equivalent to 54.6% of total income, down from 56.1% in 2013/14.

Other operating expenses increased by £8.8 million to £70.9 million. Around £1.4 million related to the impairment of strategic capital projects – older costs associated with setting up Kenly Windfarm and pre-contract design costs relating to the new Guardbridge Biomass plant were written-down during the year. In addition, the University gifted around £0.5million of fixtures and fittings within the new Student Association to the students as part of the multi-million pound redevelopment of this facility. Around £0.5million was spent to bring The Byre Theatre back into activity during the year and a further £0.8million of additional costs were incurred in order to service activities during The Open – both of which generated increased income for the University.

The University has an unquantified liability relating to the UK-wide Universities Superannuation Scheme (USS). The latest USS triennial valuation in March 2014 showed a total deficit of £5.3 billion. Changes in benefits, contribution rates and scheme structure have been implemented in the last few years in an attempt to address this deficit. There is a plan in place which requires further employer contributions to be made from April 2016 putting further pressure on staff costs. Because of the constitution of the USS scheme, St Andrews, along with all other universities in the Scheme, is not able to identify its share of the deficit and consequently this liability does not appear in the accounts. This will be addressed in the move to FRS102 accounting standards from 2015/16 onwards.

Net assets increased by £27.6 million to £188.0 million including a £13.2 million improvement in the net current assets position. There was continuing growth in tangible fixed assets of £7.4 million, reflecting the University's continued investment in its estate. Cash balances increased by around £3.8 million despite capital spending and research activity increasing in the year. Endowment funds increased in value by £6.7 million, also contributing to the stronger balance sheet position.

Key Performance Indicators

The University measures its performance against a set of six Key Performance Indicators (KPI's) covering Research; Learning, Teaching and Student Experience; Financial Stability; Staff; Infrastructure and Reputation.

Performance against target is reported to Court on a quarterly basis using a Red, Amber, Green (RAG) system which allows Court members to focus on areas of concern. In 2014/15 particular attention was given to research performance, and management were challenged to make improvements within this strategically important area.

Further details regarding Court, including minutes of the quarterly meetings are available via the [University website](#).

OPERATING & FINANCIAL REVIEW

Principal risks and uncertainties

The projected operating surplus over the next two years is similar to past performance. It then increases in 2017/18 to £5m. The key factors holding back earlier growth of surplus reflects national pay issues relating to USS pension contributions and National Insurance increases, both of which impact with effect from April 2016. Whilst we will continue to look to take positive action to increase our income and further reduce our costs, the following are material risks.

The Higher Education Governance (Scotland) Bill is a significant risk to the Higher Education Sector. Potentially triggering a re-classification of universities by the Office of National Statistics (ONS) from “Non-profit Institutions serving Households” to “Central Government Entities”, this could leave universities facing restrictions on borrowing, the inability to create surpluses for re-investment and the loss of philanthropic income as well as potentially threatening the charitable status of all Higher Education Institutions. University management will continue to highlight the serious issues this Bill represents to its operations, and seek further dialogue with the Scottish Government.

Pressure on Government funding may reduce any capability to include inflationary funding to current grants and may even lead to reductions in teaching funding, research funding or both. The University will continue to actively seek ways to reduce dependency on SFC funding further through diversification of operations and entrepreneurship.

RUK and overseas applications and student numbers may not be maintained at the existing levels due to increasing competition from other institutions within the UK and overseas. The University will seek to mitigate this risk by continuing with its commitment to excellence as well as continuing the search to identify the brightest minds from areas where we have not previously seen much traction.

The forecast growth in research grant awards may not be achieved, thereby impacting on our income levels and the contribution towards the overheads and ultimately the operating surplus of the University. A quarterly Research Forum, chaired by the Vice-Principal of Research monitors performance in this area and takes corrective action as required.

Pay negotiations, over which the University has virtually no control, will continue to be a risk due to the growing gap between headline inflation, restrictions on income growth and affordable pay offers.

Looking forward

Although the £12.3 million total surplus for 2014/15 was above expectations, it was boosted by a number of non-recurring items. Court is committed to managing pay costs, realising efficiency savings and increasing research income to safe-guard longer-term financial sustainability.

Financial pressures notwithstanding, the University will continue to look after its students, preserve its heritage and enhance its teaching and research capabilities, continually striving for excellence in everything that it does.

Andrew Goor
Director of Finance
16 October 2015

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

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, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with SFC, through its designated office holder, Court 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 full compliance with charities legislation and the retention of the University's charitable status;
- 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 and cashflows;
- 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 Audit & Risk Committee whose terms of reference are laid along with all Court Committees and which are summarised on pages 14 to 16.
- an Internal Audit team whose annual programme is approved by the Audit & Risk 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;

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, and bases its approach and standards on the principles and supporting guidelines established in the Scottish Code of Good HE Governance, which came into effect on 1 August 2013 (the Code). This is supplemented, where appropriate, by the UK Committee of University Chairs Higher Education Code of Governance, updated in December 2014.

Compliance with best practice

An Internal Audit report carried out at the beginning of 2015 confirmed the University's substantial progress in implementing both the main principles and supporting guidelines in the Code and identified a number of areas where the University goes beyond the requirements of the Code in demonstrating best practice in corporate governance. With the implementation of the agreed recommendations of this Internal Audit report, the University is fully compliant, and has reached agreement with the Scottish Funding Council on the handling of previously reported potential divergences between University practice and the Code. An action plan is in place in order to further develop and adopt best practice procedures as part of a commitment to ongoing improvements in Corporate Governance. Aspects of The Scottish Code which relate to events that have not yet occurred, such as the conduct of a quinquennial externally facilitated evaluation of effectiveness, will be introduced as they occur in the calendar of events.

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 agreed in April 2015 the University's new strategic plan for the period 2015-2025. <http://www.st-andrews.ac.uk/staff/policy/planning/>

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 & Risk 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 & Risk 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 & Risk Committee.

Court had four regularly scheduled meetings during the year ended 31 July 2015, one of which was linked to a strategic away day. Court has a number of committees with particular areas of responsibility. The Court also operates an assurance scheme whereby areas of responsibility are governed by a number of Assurance Groups, each of which includes a member of Court and with a reporting line to a Court Committee.

The President of Court is the Rector, one of the oldest institutions of University governance, who since 1858 has been elected by the entire student body to serve for a three year period. Court elects from amongst its lay members a Senior Governor, who presides over Court in the Rector's absence. The Senior Governor undertakes the broader responsibilities of a Chair of Court, including the annual appraisal of the Principal and chairing those items of Court concerned with policy, resources, accountability and performance review

CORPORATE GOVERNANCE

The Court Committees and related Assurance Groups are:

Committee	Assurance Group
Audit & Risk Committee	Academic Health & Safety University Ethics
Governance & Nominations Committee	
Planning & Resources Committee	Investment & Treasury
Remuneration & Human Resources Committee	

All of the Committees are constituted with formal terms of reference, outlined in the Court Members' Handbook available at www.st-andrews.ac.uk/media/core/documents/about/court/university-court-handbook.pdf. Membership of committees is disclosed on pages 1-3. In addition, the University Court receives reports from the University's Superannuation & Life Assurance Scheme, the chair of whose trustees is an independent member of the committee.

The **Audit & Risk Committee** consists of non-executive members of Court, supplemented by additional co-opted 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 (including its special collections), and (b) financial controls, accounting procedures, the application of accounting standards, and routine arrangements for the investigation of questions of financial irregularity or impropriety. In addition, it considers all matters relating to the internal and external audit, of the affairs of the University and of those companies controlled by Court. In this capacity it receives reports from the internal and external auditors. As noted above, it also has responsibility for monitoring risk and receives regular reports from the University's Risk Management Group. Whilst senior executives attend meetings of the Audit & Risk 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.

Three Assurance Groups report to Audit & Risk Committee.

- The Academic Assurance Group oversees the implementation, management and monitoring of the University's quality enhancement strategy and quality assurance procedures. It also advises Academic Council (for Senate) on changes to the University's academic monitoring procedures; and liaises with University Officers and Committees on matters relating to academic quality assurance.
- The Health & Safety Assurance Group advises the Audit & Risk Committee on all matters concerning health and safety, including the University's legal obligations. The Group receives annual reports from the University's Director of Environmental, Health & 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 Group considers, as required, reports from Inspectors of enforcing authorities under health and safety legislation, reports from the University's insurance brokers and issues raised by the Trade Union safety representatives and student sabbatical officers. The Group reviews the University's Health & Safety Policy, agrees programmes for health and safety audits and ensures that recommended action is taken efficiently and effectively. Through the Audit & Risk Committee, the Group also makes recommendations to Court on actions considered necessary to promote the health and safety of employees, students and others within the University.

CORPORATE GOVERNANCE

- The University Ethics Assurance Group undertakes to assure the appropriateness of the University's policies, procedures and decision-making where ethical consequences may be of significant concerns. This also applies to University sponsored activities wherever geographically undertaken. In particular it receives reports from the University Teaching & Research Ethics Committee, the Animal Welfare Ethics Committee and other secure research activities. In turn it reports to the Audit & Risk Committee on the effectiveness of these control activities and any issues of concern.

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 or internal bodies. It is also responsible for initiating effectiveness reviews of Court's activities. It is convened by an independent chair, selected from outwith the membership of Court.

The **Planning & Resources Committee** (PARC) reviews the annual budget and financial forecasts of the University, and the levels of residential, tuition 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. It is also empowered to take individual financial decisions in accordance with limits prescribed in the Standing Financial Instructions. In respect of its strategic planning and development responsibilities, Court receives recommendations and advice from PARC. PARC also keeps under review and reports to Court on the University's external fundraising. PARC is chaired by the Senior Governor; it includes in its membership the non-executive Court member who convenes the Investment & Treasury Assurance Group.

One Assurance Group reports to PARC.

- The Investment & Treasury Assurance Group is charged with ensuring that appropriate and effective decisions are taken with regard to the investment and holding of funds under the University's management and that these activities are conducted with due regard to the University's investment policy and management of risk. It 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. It reviews and makes changes in the appointment of the University's investment and treasury advisers and takes decisions in relation to the general nature or distribution of the investment portfolio and holdings, reporting as appropriate to PARC.

The **Remuneration & Human Resources Committee** ensures that the University's responsibilities as an employer are being properly managed and approves remuneration arrangements for University staff above defined thresholds. It 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 £80,000; 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 in remuneration or severance arrangements. More widely with regard to

CORPORATE GOVERNANCE

University staff, the Committee also 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 succession planning; reviews the effectiveness and performance of the Human Resources activities and monitors compliance and risk management with respect to employment law and practice. The promotion of equality opportunities throughout the University also falls within its remit.

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 Executive Officer to Court and Senate maintains a formal register of interests, which, in accordance with the Scottish Code of Good Higher Education Governance, is made publicly available on the University website.

Equal Opportunities

The University has an Equality and Diversity Inclusion Policy that applies to all staff and all students. It was revised in November 2011, taking into account the provisions of the Single Equality Act (2010) and the General Duties of the Scottish Public Sector Equality Duty (2011). 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 Equality and Diversity Inclusion 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 protected characteristics, including those 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. Two senior academic members of the Principal's Office have been appointed as Equality and Diversity Champions to advance inclusion further. To comply with updated equalities legislation, including Scottish Specific Duties (2012), the University has introduced a Single Equalities Outcome Scheme for the period 30 April 2013 to 30 April 2017. This scheme consolidates required actions across all equality strands and protected characteristics into a single action plan, and replaces previous schemes and plans for disability, gender and race equality. The University published on 30 April 2015 an institution-wide progress report on the implementation of the Single Equalities Outcome Scheme, together with a report on Equality Mainstreaming and on progress towards tackling the gender pay gap.

CORPORATE GOVERNANCE

Training of Court Members

As recommended by The Scottish Code, details relating to the annual training of Court members are as follows:

DATE	TRAINING	MEMBER
August 2014	Court Induction completed	Professor Sir D. Wallace
August 2014	Court Induction completed	Professor S. Monro
August 2014	Court Induction completed	Mr K. Cochran
October 2014	Court Induction completed	Mr O. Hajda
November 2014	Being an effective Governor (Scotland), Edinburgh	Mr O. Hajda
November 2014	Being an effective Governor (Scotland), Edinburgh	Professor S. Monro
November 2014	KPMG Audit Committee Institute, Edinburgh	Dr M. Popple
December 2014	Court Induction completed	Ms A. Newman
January 2015	Court Induction completed	Ms C. Stihler
March 2015	A Toolkit for effective Governance, Glasgow	Mr K. Cochran
March 2015	A Toolkit for effective Governance, Glasgow	Professor S. Monro
March 2015	A Toolkit for effective Governance, Glasgow	Ms C. Stihler
June 2015	Ernst & Young, Cyber Security, Edinburgh	Professor S. Monro
June 2015	KPMG, Current Accounting Issues, Edinburgh	Mr N. Morecroft

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 29.2 days (2013/14: 26.1days).

Conclusion

The University is a going concern, and has robust systems of corporate governance in place. These meet the principles of good governance set out in the 2013 Code, maintain a sound system of internal controls, and apply the key principles of effective risk management.

Alastair Merrill
Vice-Principal (Governance & Planning)
16 October 2015

CORPORATE SUSTAINABILITY REPORT

This report summarises some of the key sustainability aspects addressed during the year. There were no infringements of environmental legislation during the year and no enforcement notices were issued.

Energy and Carbon Management

The University has a 3-part Energy Strategy to invest in energy efficiency; change behaviours; and deploy renewable technologies. The University has spent £3.7 million through its Salix energy investment fund since 2007, delivering carbon savings of over 60,000 tonnes across 150 individual projects. Work continues on a 6.5MW biomass boiler and district heating scheme located at the former paper mill at Guardbridge and a 12MW wind farm at Kenly. These two projects are expected to generate carbon emissions reductions in the order of 29,000 tonnes per annum.

Electricity usage is up by 4% and gas usage is down by 4% due to less use of the combined heat and power units this year. Significant investment has occurred replacing boilers this year which will reduce next year's gas consumption. Over the year, gas unit costs have reduced by 8% but electricity unit costs increased by 2.5%. Water consumption reduced by 5% and carbon emissions remain unchanged when compared to 2013/14.

Waste Management

The amount of waste recycled increased from 73% in 2013/14 to 75% in the current year, with 72% recycled and 3% reused. Total waste arisings have decreased as has the overall amount sent to landfill. However, waste costs continue to rise due to the increased cost of disposal to landfill alongside rising contractor fuel costs.

Resource efficiency was implemented through a number of positive initiatives including supplier take-back schemes and WARPit - a resources redistribution scheme for staff. This saved 26 tonnes of carbon by diverting waste from landfill and saved £55k on reduced procurement spend.

Sustainable Development related research

This year work was undertaken with funding from the Scottish Funding Council to understand the process that the University of St Andrews has undertaken in order to work towards reducing its carbon footprint and, most especially, the commitment to develop renewable energy at the Guardbridge site. A review of policy documents and a series of interviews of both internal and external stakeholders has highlighted that the low carbon journey has become a 'taken for granted' ambition which is underpinned by formal policy commitments but also, importantly, by the activism and commitment of staff from across the University. In this respect 'leadership' has been distributed among a number of departments and individuals. In addition, modelling work has been undertaken in partnership with academics in the University of Edinburgh to understand the broader carbon effects of burning biomass. This part of the study has highlighted that while the University of St Andrews might reduce its carbon emissions by burning biomass there will be an effect somewhere else in the carbon system. Sometimes these effects might be positive but equally they might be negative, depending on the assumptions made. Both elements of the study will be used to help the Scottish Government reflect upon the possibilities for carbon reductions that exist in the higher education sector and the mechanisms by which reductions can be encouraged and rewarded. Likewise, the work will feed back into the University's ongoing carbon management activities.

Sustainable Investment

Endowed funds are invested in line with the University's Sustainable and Socially Responsible Investment Policy. The fund managers, Alliance Trust and UBS are instructed to seek investments which:

- promote socially 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 an annual forum for engagement with its staff, students, alumni and fund managers, to provide an opportunity for on-going debate in the consideration of these issues and encouragement of sustainable behaviours.

Behaviour Change & Community Engagement with Sustainability

120 staff have been provided with environmental training, and 49 have graduated from the Environmental Facilitator training programme, and are now working to help promote positive environmental behaviours within their schools and units. This year's Green Week saw 26 events being held across a range of low carbon activities including tree planting, upcycling, beach cleans, skillshare sessions and Fairtrade coffee mornings, with students, staff, and the local community getting involved.

The University launched Scotland's first all-electric community car club in April this year, with ten electric vehicles and five new charging points installed for use by staff, students, and the local community. The mail room and catering team also invested in new electric vans to reduce the carbon emissions of their fleets.

Transition University of St Andrews hosted the national Transition Roadshow in October, welcoming Transition groups from all over the UK to collaborate and share ideas for working towards a low carbon future. Transition are also finalists in this year's EAUC Green Gown Awards for their work on student engagement. The award is in recognition of the range of projects and number of people involved in Transition University of St Andrews, showcasing an example of best environmental practice in the higher education sector.

Student campaigning and charity work

Charitable fundraising and volunteering continue to be a vital part of student life in St Andrews. The Students' Association's dedicated Charities Campaign fundraises throughout the year to support its three student-elected charities (charities for 2014/15: Médecins Sans Frontières, Macmillan Cancer Support and Families First) and support the broader charitable efforts of the Students' Association, which raised in excess of £100,000 over the past academic year. Of the 150+ student societies of the Association, most partake in fundraising events or activities throughout the year, raising awareness of the broad number of causes championed in the daily lives of staff, students, and the local community in St Andrews. The Students' Association bolstered these endeavours with over £4,500 awarded in grants to societies who were furthering the charitable efforts of the Association. New societies have also been affiliated in the past year, dedicated to fundraising and increasing awareness of new causes and issues such as animal welfare and natural disasters.

Student campaigning and charity work (Cont'd)

The Association's Charities Campaign is also growing to such an extent that other Universities and Student Associations' have begun to use it as a model for their own fundraising bodies. Race2, the sponsored hitch-hike to Europe, which raised £40,000 - more than any year previous, and Raising and Giving Week, which despite having no venue space due to Union Redevelopment, raised over £18,000. More students are involved in charity work across the University now, than ever before. Alumni working in the third sector have also been reached out to and now contribute to lecture series and offer hands on advice throughout the year.

In terms of volunteering, this year saw more volunteering hours across the Students' Association's dedicated Volunteering Service with projects helping the elderly, town and gown relations, young people and animal welfare groups all continuing into the next session. More projects are also being discussed, to be added to the already impressive portfolio.

**Derek Watson
Quaestor & Factor
16 October 2015**

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF THE UNIVERSITY OF ST ANDREWS

We have audited the Consolidated and University financial statements for the year ended 31 July 2015 which comprise the Statement of Principal Accounting Policies, 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 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of the University of St Andrews ("Court"), as a body, in accordance with the Financial Memorandum of the University; and in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 Auditor

As explained more fully in the Responsibilities of Court set out on pages 11 and 12, Court is responsible for preparing the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Financial Memorandum of the University and also under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the groups and the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Court; and the overall presentation of the financial statements.

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.

In addition, we read other information contained in the Report of the University Court, Responsibilities of 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the University and of the Group as at 31 July 2015, and of the surplus of the Group's income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended);

Opinion on other matters prescribed by applicable regulations

In our opinion;

- 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 with the Scottish Funding Council

Matters on which we are required to report by exception

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

- the information given in the Report of the University Court is inconsistent in any material respect with the financial statements;
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP
Registered auditor
Glasgow
16 October 2015

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and in accordance with applicable accounting standards. The financial statements also conform to guidance published by the Scottish Funding Council.

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

The consolidated balance sheet shows net current assets with the University balance sheet showing net current liabilities. The University believes that it will continue to generate sufficient cash to continue to meet its current liabilities as they fall due.

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 2015. 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.

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.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

Recognition of income (Cont'd)

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

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

Taxation

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

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

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

Land and buildings

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

Land and Buildings

Building costs are split between land, building and services and depreciated as follows:

Freehold land is not depreciated.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

Depreciation (Cont'd)

Freehold buildings and services are stated at cost and depreciated on a straight line basis over their expected useful economic lives as follows:

- Freehold buildings 40 – 50 Years
- Services 20 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 and Furniture

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 7 Years
- Equipment 4 – 7 Years
- IT Equipment 4 – 7 Years
- Vehicles 7 Years

Where equipment is acquired with the aid of a research grant, it is capitalised and depreciated over the life of the grant. The related grant is treated as a deferred capital grant and released to income over the same period.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

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 a 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 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.

Financial Instruments

The University uses interest rate swaps to reduce exposure to interest rate movements on long-term debt. 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.

Accounting for charitable donations

Unrestricted donations

Unrestricted charitable donations are recognised in the income and expenditure account when the 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

Accounting for charitable donations (Cont'd)

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 University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme that is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate, trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore as required by FRS17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The S & LAS scheme is also a defined benefit scheme that is contracted out of the S2P. 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, contingent liabilities and contingent assets

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2015

Provisions, contingent liabilities and contingent assets (Cont'd)

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

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

University Collections and Heritage Assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Some of the collections are fully accredited 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 extensive collections include art and silver, historical instruments, monuments (historical photographs etc.), furniture and furnishings, books (rare volumes and manuscripts) along with a wide range of historical artefacts. In 1993 with advice from the University Advisory Committee on Collections and Exhibitions were indicatively valued at £75.3 million.

Reliable information on cost or valuation has not been obtained for the vast majority of collections held within special collections. This is because of the diverse nature of the assets held, the number of assets held and lack of comparable market values. The University does not recognise these assets on the balance sheet, other than recent acquisitions which are reported at cost, where the object is purchased, or at the University's best estimate of current value where the object is donated. Heritage assets are principally being held for their contribution to knowledge and culture, rather than operations and have therefore been transferred to Heritage Assets in the year from Equipment and Furniture. Heritage Assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. They are maintained and the cost of maintenance charged to the income and expenditure accounts as incurred.

Information about the University's policy for the acquisition, preservation and management and disposal of heritage assets is provided in the museums separate publication 'Collections Policy', which is available on the University's website.

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2015

	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
INCOME			
Funding council grants	1	43,221	42,964
Tuition fees and education contracts	2	77,313	71,569
Research grants and contracts	3	40,468	39,230
Other income	4	40,544	36,291
Development fee	5	7,480	-
Endowment and investment income	6	3,380	3,826
Total income		212,406	193,880
EXPENDITURE			
Staff costs	7	111,848	108,811
Other operating expenses		70,905	62,118
Depreciation	11	14,525	13,361
Interest and other finance costs	8	4,642	4,641
Total expenditure	9	201,920	188,931
Operating surplus after depreciation of tangible assets and before taxation		10,486	4,949
Gain on disposal of fixed assets		352	5
Surplus after depreciation and disposal of assets but before taxation		10,838	4,954
Taxation	10	(46)	(37)
Surplus on continuing operations after depreciation and disposal of assets and taxation		10,792	4,917
Surplus for the year transferred to accumulated income in endowment funds	20	1,529	701
Surplus for the year retained within general reserves	21	12,321	5,618

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 2015

	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Surplus on continuing operations after depreciation of assets, disposal of assets and taxation		10,792	4,917
Appreciation / (Depreciation) of endowment assets	20	5,925	(199)
Endowment additions / transfers	20	2,290	1,076
Release from revaluation reserve in year	21	-	(67)
Actuarial loss in respect of pension scheme	31	(1,436)	(8,689)
Total recognised gains / (losses) relating to the year		17,571	(2,962)
 Reconciliation			
Opening reserves and endowments		93,046	96,008
Total recognised gains / (losses) relating to the year		17,571	(2,962)
Closing reserves and endowments		110,617	93,046

BALANCE SHEETS
As at 31 July 2015

		As at 31 July 2015		As at 31 July 2014	
	Notes	Consolidated £000	University £000	Consolidated £000	University £000
Fixed assets					
Tangible Assets	11	242,842	240,853	235,411	235,315
Investments	12	33	12,228	33	2,228
		<u>242,875</u>	<u>253,081</u>	<u>235,444</u>	<u>237,543</u>
Endowment assets	13	<u>56,758</u>	<u>56,758</u>	<u>50,072</u>	<u>50,072</u>
Current assets					
Stock	14	962	697	779	614
Debtors	15	16,304	15,872	18,248	17,559
Short term deposits	26	17,957	17,957	12,376	12,376
Cash at bank and in hand	26	20,345	11,838	22,095	21,182
		<u>55,568</u>	<u>46,364</u>	<u>53,498</u>	<u>51,731</u>
Less: Creditors : amounts falling due within one year	16	<u>(49,866)</u>	<u>(51,691)</u>	<u>(60,992)</u>	<u>(62,627)</u>
Net current assets / (liabilities)		<u>5,702</u>	<u>(5,327)</u>	<u>(7,494)</u>	<u>(10,896)</u>
Total assets less current liabilities					
		305,335	304,512	278,022	276,719
Less: Creditors: amounts falling due after more than one year	17	(91,352)	(91,257)	(91,352)	(91,257)
Less: Provision for liabilities	18	(504)	(504)	(830)	(830)
Net assets excluding pension liability		<u>213,479</u>	<u>212,751</u>	<u>185,840</u>	<u>184,632</u>
Net pension liability	31	(25,498)	(25,498)	(25,424)	(25,424)
Total net assets including pension liability		<u>187,981</u>	<u>187,253</u>	<u>160,416</u>	<u>159,208</u>
Deferred capital grants					
	19	<u>77,364</u>	<u>77,364</u>	<u>67,370</u>	<u>67,370</u>
Endowments					
Expendable	20	3,711	3,711	3,073	3,073
Permanent	20	53,047	53,047	46,999	46,999
		<u>56,758</u>	<u>56,758</u>	<u>50,072</u>	<u>50,072</u>
Reserves					
Income and expenditure account excluding pension reserve	21	79,357	78,629	68,398	67,190
Pension reserve	31	(25,498)	(25,498)	(25,424)	(25,424)
Income and expenditure account including pension reserve		<u>53,859</u>	<u>53,131</u>	<u>42,974</u>	<u>41,766</u>
TOTAL FUNDS		<u>187,981</u>	<u>187,253</u>	<u>160,416</u>	<u>159,208</u>

Approved by the University Court of the University of St Andrews on 16 October 2015 and signed on its behalf by:

Professor Louise Richardson Principal and Vice-Chancellor

Sir Ewan Brown Senior Governor

Mr Andrew Goor Director of Finance

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2015

	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Cash flow from operating activities	22	12,819	20,831
Returns on investments and servicing of finance	23	(2,513)	(2,314)
Taxation	10	(46)	(37)
Capital expenditure and financial investment	24	(7,823)	(10,318)
Management of liquid resources	25	(5,581)	(5,249)
(Decrease) / Increase in cash in period	26	<u><u>(3,144)</u></u>	<u><u>2,913</u></u>
Reconciliation of net cash flow to movement in net debt			
(Decrease) / Increase in cash in period		(3,144)	2,913
Change in short term deposits	26	<u>5,581</u>	<u>5,249</u>
Change in net debt	26	2,437	8,162
Net debt at 1 August		<u>(52,805)</u>	<u>(60,967)</u>
Net debt at 31 July	26	<u><u>(50,368)</u></u>	<u><u>(52,805)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

1 FUNDING COUNCIL GRANTS	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
SFC recurrent teaching grant	15,354	16,566
SFC recurrent research grant	21,596	21,541
Other SFC grants	4,130	2,770
	<u>41,080</u>	<u>40,877</u>
Deferred capital grants released in the year:		
Buildings	19 1,871	1,771
Equipment	19 270	316
	<u>43,221</u>	<u>42,964</u>
2 TUITION FEES AND EDUCATION CONTRACTS	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Full-time home and EU students	10,276	9,517
RUK (new fee rates)	13,465	8,638
RUK (old fee rates)	833	1,829
Full-time international students	46,194	44,829
Part-time home and EU students	376	349
Part-time international students	148	113
Research training support grants	3,804	3,719
Short course fees	1,922	2,302
Other fees	295	273
	<u>77,313</u>	<u>71,569</u>
3 RESEARCH GRANTS AND CONTRACTS	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Research Councils	21,796	19,545
UK government bodies, local and health authorities	3,741	4,385
UK based charities	3,497	3,826
UK industry, commerce and public corporations	936	938
EU government bodies	7,565	5,705
EU other	694	1,487
Other overseas	3,733	3,708
Other sources	202	63
	<u>42,164</u>	<u>39,657</u>
Income deferred to match capitalised purchases	19 (3,692)	(2,285)
Release of deferred capital grant for research	19 1,996	1,858
	<u>40,468</u>	<u>39,230</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

4 OTHER INCOME	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Residence fees	21,514	20,792
Conference sales	4,507	2,127
Consultancy, knowledge transfer and cultural engagement	2,341	2,532
External funding of activities	2,271	1,937
Miscellaneous sales	1,046	1,091
Royalty income	944	390
Released from deferred capital grants	19 913	582
External funding of salaries	923	1,177
Bar sales	904	704
Continuing Professional Development	772	771
Other Income	754	652
Non research prizes and awards	616	611
Foreign exchange gains	592	86
Memberships	578	512
Gifts and donations	419	165
Rent receivable	399	391
Other services provided	303	304
Academic conferences	251	666
Hire and facilities	228	310
Consumables and services recharged	154	238
Subscription income	115	253
	<u>40,544</u>	<u>36,291</u>
 5 DEVELOPMENT FEE	 Year ended 31 July 2015 £000	 Year ended 31 July 2014 £000
Development fee	<u>7,480</u>	<u>-</u>
 On 1 st September 2014 the University received £7.480m to develop new student accommodation at Fife Park.		
 6 ENDOWMENT AND INVESTMENT INCOME	 Year ended 31 July 2015 £000	 Year ended 31 July 2014 £000
Income from permanent endowments	20 1,713	1,944
Income from short-term investments	416	383
Net return on pension scheme	31 1,251	1,499
	<u>3,380</u>	<u>3,826</u>
 7 STAFF COSTS	 Year ended 31 July 2015 £000	 Year ended 31 July 2014 £000
By expense type:		
Salaries	91,993	89,322
Social security costs	7,090	6,947
Other pension costs	12,765	12,542
Total	<u>111,848</u>	<u>108,811</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

7 STAFF COSTS (Cont'd)	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Staff costs by major category:		
Academic	60,643	60,000
Academic / teaching support services	7,720	7,580
Research	17,284	17,137
Administration	16,790	14,836
Premises	5,417	5,085
Catering and residences	3,994	4,173
	111,848	108,811

7 STAFF COSTS	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Emoluments of Principal:		
Salary	250	225
Ex gratia payment	-	30
Benefits in kind	4	10
Pension contributions to USS	40	36

The University paid tax on the benefit in kind shown
The Principal is not included in the table of higher paid staff below

	Year ended 31 July 2015	Year ended 31 July 2014
	Number	Number
Remuneration of higher paid staff, excluding employer's pension contributions		
£70,001 - £80,000	53	41
£80,001 - £90,000	31	35
£90,001 - £100,000	27	29
£100,001- £110,000	13	13
£110,001 - £120,000	11	7
£120,001 - £130,000	2	4
£150,001 - £160,000	1	2
£180,001 - £190,000	1	1
£200,001 - £210,000	1	-
£210,001 - £220,000	-	1
£220,001 - £230,000	1	-
	141	133

7 STAFF COSTS	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Aggregate compensation for loss of office paid to former higher paid employees:		
Compensation payment	31	-
Pension Benefits	-	72
Total Paid	31	72

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

7 STAFF COSTS (Cont'd)	Year ended 31 July 2015 Number	Year ended 31 July 2014 Number
Average staff numbers by major category:		
Academic	1,048	1,048
Academic / teaching support services	244	233
Research	384	385
Administration	366	354
Premises	204	200
Catering and residences	239	232
	<u>2,485</u>	<u>2,452</u>

8 INTEREST AND OTHER FINANCE COSTS	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Interest paid to endowments	3	2
Loans repayable wholly or partly in more than five years	4,639	4,639
	<u>4,642</u>	<u>4,641</u>

9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Academic Schools	80,941	79,681
Academic support services	15,257	14,967
Central services	19,766	16,896
Premises	21,205	18,312
Research grants and contracts	30,366	29,736
Residences, catering and conferences	15,714	14,549
Other expenses	18,671	14,790
	<u>201,920</u>	<u>188,931</u>
Other operating expenses include:	£000	£000
External auditors remuneration in respect of audit services	86	82
External auditors remuneration in respect of non-audit services	5	25
Internal audit – core plan	93	71
Internal audit – additional project	46	-
Hire of plant and equipment	263	234

10 TAXATION	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Overseas tax charge on subsidiary's profit	46	37
	<u>46</u>	<u>37</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

11 TANGIBLE FIXED ASSETS

Consolidated Cost	Land & Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Heritage Assets £000	Total £000
At 1 August 2014	269,051	10,434	79,201	-	358,686
Additions	218	17,905	6,623	58	24,804
Transfers	13,436	(15,222)	1,458	328	-
Disposals	(730)	-	(2,732)	-	(3,462)
Impairment	-	(1,363)	-	-	(1,363)
At 31 July 2015	281,975	11,754	84,550	386	378,665
Depreciation					
At 1 August 2014	58,884	-	64,391	-	123,275
Charge for Year	7,911	-	6,614	-	14,525
Disposals	(384)	-	(1,593)	-	(1,977)
At 31 July 2015	66,411	-	69,412	-	135,823
Net Book Value					
At 31 July 2015	215,564	11,754	15,138	386	242,842
At 31 July 2014	210,167	10,434	14,810	-	235,411
Financed by capital grant	56,205	2,953	5,523	-	64,681
Other	159,359	8,801	9,615	386	178,161
Net book value at 31 July 2015	215,564	11,754	15,138	386	242,842

University Cost	Land & Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Heritage Assets £000	Total £000
At 1 August 2014	268,915	10,434	78,656	-	358,005
Additions	218	15,931	6,623	58	22,830
Transfers	13,436	(15,222)	1,458	328	-
Disposals	(730)	-	(2,732)	-	(3,462)
Impairment	-	(1,363)	-	-	(1,363)
At 31 July 2015	281,839	9,780	84,005	386	376,010
Depreciation					
At 1 August 2014	58,822	-	63,868	-	122,690
Charge for Year	7,837	-	6,607	-	14,444
Disposals	(384)	-	(1,593)	-	(1,977)
At 31 July 2015	66,275	-	68,882	-	135,157
Net Book Value					
At 31 July 2015	215,564	9,780	15,123	386	240,853
At 31 July 2014	210,093	10,434	14,788	-	235,315
Financed by capital grant	56,205	978	5,523	-	62,706
Other	159,359	8,802	9,600	386	178,147
Net book value at 31 July 2015	215,564	9,780	15,123	386	240,853

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

11 TANGIBLE FIXED ASSETS (Cont'd)

Included within fixed assets is an amount of £3,523,218 (2013/14 - £3,523,218) of capitalised finance costs. Buildings and equipment with a cost of £115.2 million and a net book value of £61.8 million 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.

12 FIXED ASSET INVESTMENTS

Consolidated	Subsidiary Companies	Other fixed asset investments	Total
	£000	£000	£000
At 1 August 2014 and 31 July 2015	<u>-</u>	<u>33</u>	<u>33</u>
University			
At 1 August 2014	2,195	33	2,228
Additions	<u>10,000</u>	<u>-</u>	<u>10,000</u>
At 31 July 2015	<u>12,195</u>	<u>33</u>	<u>12,228</u>

Additions during the year related to share capital in Eden Estuary Ltd (EEL). EEL is wholly owned by the University and is responsible for development of the new biomass plant at Guardbridge.

SUBSIDIARY COMPANIES

<i>Company</i>	<i>Country of incorporation</i>	<i>Activity</i>
St Andrews University Services Ltd*	Scotland	Vacation letting
St Andrews Applied Research Ltd*	Scotland	Applied Research
University of St Andrews Shop Ltd	Scotland	Retail
Photosynergy Ltd	Scotland	Laser Lighting
Eden Estuary Energy Ltd	Scotland	Energy Generation
SOI Group Ltd	Scotland	Marine Science
SMRU Ltd	Scotland	Marine Science
SOI Ltd	Scotland	Marine Science
St Andrews Instrumentation Ltd	Scotland	Marine Science
Smart History	Scotland	Tech History
SMRU (Hong Kong) Ltd	Hong Kong	Marine Science
SMRU (Canada) Ltd	Canada	Marine Science
SMRU LLC	USA	Marine Science
StAAR Inc	USA	Applied Research

* Owned directly by the University of St Andrews

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

13 ENDOWMENT ASSET INVESTMENTS

	As at 31 July 2015	As at 31 July 2014
	£000	£000
Consolidated and University		
Balance as at 1 August	50,072	49,896
Additions	7,505	3,676
Disposals	(5,774)	(741)
Appreciation / (Depreciation)	5,925	(199)
Debtor movement	424	(2,939)
Cash movement	(1,394)	379
Balance as at 31 July	56,758	50,072
Represented by:		
Fixed Interest Stocks	2,019	2,052
Investment Property Trusts	758	-
Equities	47,337	40,406
Land and Property	1,324	1,324
Amounts included within short term deposits	2,802	2,319
Creditors	(164)	(105)
Bank, Building Society and Other Deposits	2,682	4,076
Total Endowment Assets	56,758	50,072

14 STOCKS

	As at 31 July 2015		As at 31 July 2014	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	697	697	614	614
Goods for resale	265	-	165	-
Total Stock	962	697	779	614

15 DEBTORS

	As at 31 July 2015		As at 31 July 2014	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year:				
Trade debtors	3,098	2,789	2,841	2,243
Debts due from students	535	535	630	630
Research debt	7,135	7,135	9,940	9,940
Prepayments and accrued income	5,476	5,366	4,759	4,679
Other debtors	60	47	78	67
	16,304	15,872	18,248	17,559

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 July 2015		As at 31 July 2014	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Payments received in advance	17,117	17,117	18,212	18,212
Research grants received on account	13,116	13,116	22,474	22,474
Trade creditors	6,001	5,808	6,639	7,159
Social security and other taxation payable	2,321	2,347	2,354	2,157
Amounts owed to group undertakings	-	2,234	-	1,495
Accruals and deferred income	11,311	11,069	11,313	11,130
	49,866	51,691	60,992	62,627

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 July 2015		As at 31 July 2014	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Unsecured loan	91,257	91,257	91,257	91,257
Cumulative convertible pref shares	95	-	95	-
	91,352	91,257	91,352	91,257

Analysis of secured and unsecured

Due between two and five years	1,257	1,257	1,257	1,257
Due in five years or more	90,000	90,000	90,000	90,000
	91,257	91,257	91,257	91,257

Due within one year or on demand	-	-	-	-
Due after more than one year	91,257	91,257	91,257	91,257

Unsecured loans repayable by 2017	1,257	1,257	1,257	1,257
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	91,257	91,257

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	2039	5.06%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

18 PROVISIONS FOR LIABILITIES

Consolidated and University	Dilapidations Provision £000	FSSU Unfunded Pension £000	Early Retirement & Restructuring Provision £000	Total £000
At 1 August 2014	150	22	658	830
Utilised in year	-	(4)	(658)	(662)
Transfer from income and expenditure account	100	-	236	336
At 31 July 2015	250	18	236	504

19 DEFERRED CAPITAL GRANTS

Consolidated and University	SFC £000	Research Grants £000	Other Grants £000	Total £000
As 1 August 2014				
Buildings	45,270	4,591	11,695	61,556
Equipment	590	4,028	1,196	5,814
Total	45,860	8,619	12,891	67,370
Grants receivable				
Buildings	9,095	-	2,158	11,253
Equipment	71	3,692	28	3,791
Total	9,166	3,692	2,186	15,044
Disposals				
Buildings (note 4)	-	-	(242)	(242)
Equipment (note 1)	(15)	-	-	(15)
Total	(15)	-	(242)	(257)
Released to income and expenditure				
Buildings (notes 1, 3 and 4)	(1,871)	(171)	(391)	(2,433)
Equipment (notes 1, 3 and 4)	(255)	(1,825)	(280)	(2,360)
Total	(2,126)	(1,996)	(671)	(4,793)
At 31 July 2015				
Buildings	52,494	4,420	13,220	70,134
Equipment	391	5,895	944	7,230
Total	52,885	10,315	14,164	77,364

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

20 ENDOWMENTS

Consolidated and University

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2015 Total £000	2014 Total £000
Balances at 1 August						
Capital	4,149	40,896	45,045	4,524	49,569	48,692
Accumulated income	-	1,954	1,954	(1,451)	503	1,204
	4,149	42,850	46,999	3,073	50,072	49,896
Additions / Transfers	(32)	(212)	(244)	2,534	2,290	1,076
Investment income	166	1,547	1,713	-	1,713	1,944
Expenditure	(166)	(1,180)	(1,346)	(1,896)	(3,242)	(2,645)
	-	367	367	(1,896)	(1,529)	(701)
Increase / (Decrease) in value of investments At 31 July	609	5,316	5,925	-	5,925	(199)
	4,726	48,321	53,047	3,711	56,758	50,072
Represented by:						
Capital	4,726	46,000	50,726	5,607	56,333	49,569
Accumulated Income	-	2,321	2,321	(1,896)	425	503
	4,726	48,321	53,047	3,711	56,758	50,072
Analysis by type of Purpose						
	£000	£000	£000	£000	£000	£000
Chairs and Lectureships	-	12,230	12,230	152	12,382	10,699
Academic School/Unit	-	6,170	6,170	1,642	7,812	6,827
Scholarships and Bursaries	-	28,822	28,822	1,848	30,670	27,281
Prizes	-	1,099	1,099	69	1,168	1,026
General	4,726	-	4,726	-	4,726	4,149
Other	-	-	-	-	-	90
	4,726	48,321	53,047	3,711	56,758	50,072

Included within endowments are a number of permanent restricted funds with a deficit of accumulated income as at 31 July 2015. These are 21 individual funds with a combined deficit balance of £0.119million (2013/14 - 32 funds with a total combined deficit of £0.065 million). The deficits have occurred due mainly to commitments on scholarship spend. The University closely monitors these balances and expects them to return to an accumulated income position in future years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

20 ENDOWMENTS (Cont'd)

Charitable funds that are over 1% of the value of total endowment funds

Name of Fund	At 31 July 2014	New / Additions	Change in market value	Realised appreciation	Income	Expenditure	At 31 July 2015
	£000	£000	£000	£000	£000	£000	£000
United College Chairs Fund	6,154	-	902	(218)	246	(242)	6,842
Lapsed Bursaries Fund	3,737	-	549	(132)	149	(187)	4,116
General Unrestricted Fund	2,507	-	367	(89)	100	(100)	2,785
Maitland Ramsay PG Scholarship	1,202	-	153	(37)	42	(26)	1,334
600 th Anniversary Endow Fund	1,064	114	157	(38)	42	(42)	1,297
D. & G. Bonnyman Scholarship	1,156	-	168	(40)	45	(35)	1,294
PhD Studentships (Anonymous)	1,120	25	161	-	5	(22)	1,289
600 th Anniversary Scholarship Fund	470	500	71	-	3	(6)	1,038
Prof & Mrs Purdie Bequest	1,026	-	14	(4)	32	(35)	1,033
Gifford Bequest	906	-	112	(27)	31	(3)	1,019
American Literature Fund	303	630	49	-	2	-	984
Moncrieff Travelling Scholarship	754	4	105	(25)	28	-	866
John & Aileen Irving Fund	731	-	102	(25)	28	-	836
St Mary's Anniversary Appeal	638	-	80	(19)	22	-	721
Harold Mitchell Fellowship	606	-	78	(19)	21	-	686
The R&A International Scholarship	581	-	85	(20)	23	(28)	641
Don Scholarship	518	-	72	(17)	19	-	592
Ottakar Sykora Scholarship Fund	510	-	70	(17)	19	(25)	557
Ronald M Smith Trust	493	6	69	(17)	19	(19)	551
Guthrie Mortification Scholarship	518	-	78	(37)	39	(55)	543
	24,994	1,279	3,442	(781)	915	(825)	29,024

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

21 MOVEMENT ON RESERVES

	Consolidated £000	University £000
Income and expenditure account		
At 1 August 2014	68,398	67,190
Surplus retained for the year	12,321	12,801
Transfer to pensions liability reserve	(1,362)	(1,362)
At 31 July 2015	79,357	78,629
Pension Reserve	£000	£000
At 1 August 2014	(25,424)	(25,424)
Actuarial loss	(1,436)	(1,436)
Transfer from income and expenditure account	1,362	1,362
At 31 July 2015	(25,498)	(25,498)

22 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Surplus after depreciation and disposal of assets but before taxation	10,838	4,954
Depreciation	14,525	13,361
Deferred capital grants released to income	(5,050)	(4,527)
Investment income	(3,380)	(3,826)
Profit on disposal of tangible fixed assets	(352)	(5)
Impairment of tangible fixed assets	1,363	-
Donation of fixed assets to students' association	457	-
Interest payable	4,642	4,641
(Increase) / Decrease in stocks	(183)	15
Decrease / (Increase) in debtors	1,944	(609)
(Decrease) / Increase in creditors	(11,548)	6,939
(Decrease) / Increase in provisions	(326)	490
Pension costs less contributions payable	(111)	(602)
Net cash inflow from operating activities	12,819	20,831

23 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Income from endowments	1,713	1,944
Other interest received	416	383
Interest paid	(4,642)	(4,641)
	(2,513)	(2,314)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

24 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Payments made to acquire tangible fixed assets	(24,804)	(19,738)
Proceeds from sale of tangible fixed assets	1,378	5
Proceeds from sales of fixed asset investments	-	134
Payments to acquire endowment assets	(7,505)	(3,676)
Receipts from sales of endowment asset investments	5,774	741
Deferred capital grants received	15,044	11,140
Endowments received	2,290	1,076
	<u>(7,823)</u>	<u>(10,318)</u>

25 MANAGEMENT OF LIQUID RESOURCES	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Increase in short term deposits	(5,581)	(5,249)
	<u>(5,581)</u>	<u>(5,249)</u>

26 ANALYSIS OF CHANGE IN NET DEBT	At 1 August 2014 £000	Cash Flows £000	At 31 July 2015 £000
Cash at bank and in hand	22,095	(1,750)	20,345
Endowment cash	4,076	(1,394)	2,682
	<u>26,171</u>	<u>(3,144)</u>	<u>23,027</u>
Short term investments	12,376	5,581	17,957
Debt due after one year	(91,257)	-	(91,257)
Preference Shares	(95)	-	(95)
Net Debt	<u>(52,805)</u>	<u>2,437</u>	<u>(50,368)</u>

27 CAPITAL AND OTHER COMMITMENTS
Consolidated and University

Provision has not been made for the following capital commitments at 31st July 2015

	As at 31 July 2015		As at 31 July 2014	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	5,852	5,852	29,851	29,851
Authorised but not contracted for	10,736	10,736	1,382	1,382
	<u>16,588</u>	<u>16,588</u>	<u>31,233</u>	<u>31,233</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

28 LEASE OBLIGATIONS

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings		Other	
	As at 31 July 2015	As at 31 July 2014	As at 31 July 2015	As at 31 July 2014
Consolidated and University	£000	£000	£000	£000
Operating leases which expire:				
Within one year	14	30	63	61
In two to five year	50	49	114	96
In over five years	52	52	-	-
	<u>116</u>	<u>131</u>	<u>177</u>	<u>157</u>

29 AMOUNTS DISBURSED AS AN AGENT
Consolidated and University

	Year ending 31 July 2015	Year ending 31 July 2014
	£000	£000
Discretionary fund		
Income		
Excess of income over spend at 1 August	-	-
Funding Council grants	321	288
	<u>321</u>	<u>288</u>
Expenditure		
Disbursed to students	(294)	(278)
Transferred to Childcare Fund	(25)	(9)
Fund running cost	(2)	(1)
	<u>(321)</u>	<u>(288)</u>
Excess of income over expenditure at 31 July	<u>-</u>	<u>-</u>
	£000	£000
Childcare fund		
Income		
Excess of income over spend at 1 August	-	-
Funding Council grants	15	18
	<u>15</u>	<u>18</u>
Expenditure		
Disbursed to students	(40)	(27)
Transferred from Discretionary Fund	25	9
	<u>(15)</u>	<u>(18)</u>
Excess of income over expenditure at 31 July	<u>-</u>	<u>-</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

30 DISCLOSURE OF RELATED PARTY TRANSACTIONS

Due to the nature of the University's activities and the composition of Court (being drawn from public and private sector organisations) transactions may take place with organisations in which a member of Court may have an interest. From time to time, as supporters of the University, Court members may make donations of varying amounts to assist the University in achieving its goals. 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.

31 PENSION ARRANGEMENTS

The University contributes to two pension schemes for its staff.

Universities Superannuation Scheme (U.S.S.)

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

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

The total cost charged to the profit and loss account is £9.858million (2013/14 - £9.638million). This includes £0.821million (2013/14 - £0.804million) of outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

31 PENSION ARRANGEMENTS (Cont'd)

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

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

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

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

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

	As at 31 July 2015 Years	As at 31 July 2014 Years
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	As at 31 July 2015	As at 31 July 2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

St Andrews University Superannuation & Life Assurance Scheme

This is a defined benefit scheme primarily for the benefit of non-academic University staff. It is externally funded and contracted out. The assets of the scheme are held in a separate trustee administered fund. The University is required to account for the present value of the scheme assets and liabilities on its balance sheet. A full actuarial valuation of the scheme was carried out at 31 July 2012 and updated to 31 July 2015 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

31 PENSION ARRANGEMENTS (Cont'd)

Disclosure of principal assumptions

	Year ended 31 July 2015	Year ended 31 July 2014	Year ended 31 July 2013
Rate of increase in salaries	2.75% ² 3.10% ³	3.25% ¹ 3.70% ³	- 3.75%
Rate of increase in benefits accruing prior to 6 April 2006	3.10%	3.10%	3.25%
Rate of increase in benefits accruing from 6 April 2006	2.10%	2.10%	2.15%
Discount Rate	3.80%	4.30%	4.70%
Inflation assumption (RPI)	3.10%	3.10%	3.25%
Inflation assumption (CPI)	2.10%	2.10%	2.25%

¹ for one year; ² for three years; ³ thereafter

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 2015	As at 31 July 2014
	Years	Years
Retiring today:		
Males	22.0	22.0
Females	24.0	24.3
Retiring in 20 years:		
Males	23.7	23.7
Females	25.9	26.3

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

	Value at 31 July 2015 £000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £000	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £000
Equities	38,212	7.50%	41,442	7.75%	51,224
Diversified Growth Fund	27,438	7.50%	25,782	7.75%	23,406
Property	10,132	N/A			
Multi-Asset Credit Fund	11,685	6.00%	11,389	N/A	N/A
Other	170	3.3%	474	3.3%	149
	<u>87,637</u>		<u>79,087</u>		<u>74,779</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

31 PENSION ARRANGEMENTS (Cont'd)

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

	As at 31 July 2015 £000	As at 31 July 2014 £000
Total fair value of scheme assets	87,637	79,087
Present value of scheme liabilities	<u>(113,135)</u>	<u>(104,511)</u>
Deficit in scheme - Net pension liability	<u>(25,498)</u>	<u>(25,424)</u>

	As at 31 July 2015 £000	As at 31 July 2014 £000
Changes in the present value of the defined benefit liabilities		
Opening fair value of scheme assets	79,087	74,779
Expected return on scheme assets	5,747	5,821
Return on assets in excess of expected return	3,209	(2,309)
Contributions by employer	3,951	4,125
Contributions by members	68	51
Benefits paid	<u>(4,425)</u>	<u>(3,380)</u>
Closing fair value of scheme assets	<u>87,637</u>	<u>79,087</u>

Changes in the present value of the defined benefit liabilities		
Opening defined benefit liability	104,511	93,615
Current service cost	3,840	3,523
Interest Cost	4,496	4,322
Employee contributions	68	51
Actuarial losses – change in financial assumptions	6,296	5,946
Actuarial gains – change in demographic assumptions	(1,651)	-
Experience losses on benefit obligation	-	434
Benefits paid	<u>(4,425)</u>	<u>(3,380)</u>
Closing defined benefit liability	<u>113,135</u>	<u>104,511</u>

Amounts charged to income and expenditure account:

Current service cost	<u>3,840</u>	<u>3,523</u>
Total operating charge	<u>3,840</u>	<u>3,523</u>

Net finance return / (charge) on pension scheme

Expected return on pension scheme assets	5,747	5,821
Interest on pension scheme liabilities	<u>(4,496)</u>	<u>(4,322)</u>
Net credit to financing cost	<u>1,251</u>	<u>1,499</u>

The estimated contribution to be paid to the scheme for the next accounting period is £2.864 million. The employer's contribution to be paid next year is based on the current members of the scheme as at 31 July 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

31 PENSION ARRANGEMENTS (Cont'd)

Amounts recognised in the statement of total recognised gains and losses	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Gain / (loss) on scheme assets	3,209	(2,309)
Experience loss arising on scheme liabilities	-	(434)
Actuarial losses – change in financial assumptions	(6,296)	(5,946)
Actuarial gain – change in demographic assumptions	1,651	-
Total loss recognised in STRGL	(1,436)	(8,689)

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

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Deficit on scheme at 1 August	(25,424)	(18,836)
<i>Movement in year:</i>		
Current service cost	(3,840)	(3,523)
Contributions	3,951	4,125
Other finance income	1,251	1,499
Actuarial loss	(1,436)	(8,689)
Deficit on scheme at 31 July	(25,498)	(25,424)

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

	Year ended 31 July 2015	Year ended 31 July 2014
	20.23%	20.23%

History of experience gains and (losses)	2015	2014	2013	2012	2011
Difference between the expected and actual return on scheme assets					
Amount (£000)	3,209	(2,309)	7,690	(5,645)	3,920
Percentage of scheme assets	3.7%	2.9%	10.3%	9.2%	6.5%
Experience gains and losses on scheme liabilities					
Amount (£000)	-	(434)	900	(1,740)	270
Percentage of the present value of the scheme liabilities	-	0.4%	1%	1.9%	0.6%
Total amount in the statement of total recognised gains and losses					
Amount (£000)	(1,436)	(8,689)	10,869	(11,449)	790
Percentage of the present value of the scheme liabilities	1.3%	8.3%	11.6%	12.4%	1.0%