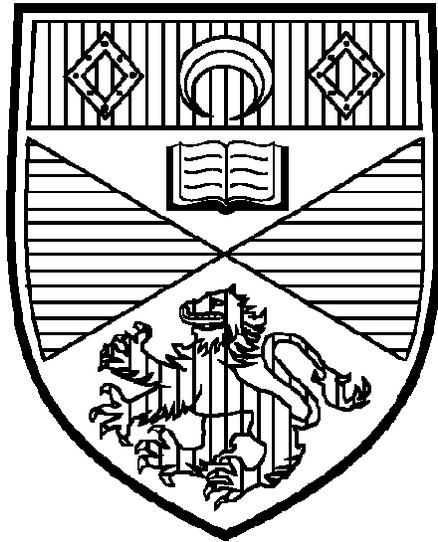


*Reports and Financial Statements
of the University Court
for the year to 31 July 2017*



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

Membership of the University Court

<i>Status</i>	<i>Member</i>	<i>Membership of Standing Committees & Assurance Groups</i>	<i>Court meetings attended 2016/17</i>
The Rector (President)	Ms Catherine Stihler	-	4/4
Senior Governor (Vice-President)	Dame Anne Pringle	Governance & Nominations Planning & Resources Remuneration & Human Resources	4/4
The Principal	Professor Sally Mapstone	Governance & Nominations Planning & Resources Remuneration & Human Resources	4/4
Deputy Principal & Master of United College (Senior Vice-Principal)	Professor Garry Taylor	Planning & Resources (in attendance)	4/4
The Chancellor's Assessor	Mr Adrian Greer	Health & Safety Assurance Group Planning & Resources	4/4
The Rector's Assessor	Mr Dylan Bruce (until 31 July 2017)	-	4/4
	Vacancy (from 1 August 2017)	-	-
Fife Council Representative	Cllr Bryan Poole (Assessor) (until 3 May 2017)	-	2/3
	Cllr Jim Leishman (Provost of Fife) (from 1 July 2017)	-	N/A
Assessors of the General Council (2)	Mr Ken Cochran	Academic Assurance Group University Ethics Assurance Group	4/4
	Mr Nigel Christie	Audit & Risk	3/4
Assessors of the Senatus Academicus (4)	Professor Frances Andrews	Planning & Resources	4/4
	Professor Sharon Ashbrook (from 21 April 2017)	Planning & Resources (in attendance)	1/1
	Dr Chris Hooley (until 31 July 2017)	Governance & Nominations	4/4
	Professor James Naismith (until 25 February 2017)	Planning & Resources (in attendance)	1/2
	Dr Morven Shearer (from 1 August 2017)	-	N/A
	Dr Philip Roscoe	-	4/4
Non-Academic Staff Member	Mr David Stutchfield (until 31 July 2017)	Health & Safety Assurance Group	4/4
	Ms Donna Pierz-Fennell (from 1 August 2017)	Governance & Nominations	N/A

MEMBERSHIP OF COURT AND COMMITTEES

Membership of the University Court (Cont'd)

<i>Status</i>	<i>Member</i>	<i>Membership of Standing Committees & Assurance Groups</i>	<i>Court meetings attended 2016/17</i>
Student Representatives (2)	Ms Charlotte Andrew (President) (until 30 June 2017)	Governance & Nominations Planning & Resources	4/4
	Mr Lewis Wood (President) (from 1 July 2017)	Governance & Nominations Planning & Resources	N/A
	Mr Jack Carr (Director of Representation) (until 30 June 2017)	Planning & Resources (in attendance)	4/4
	Mr Zachary Davis (Director of Education) (from 1 July 2017)	Planning & Resources (in attendance)	N/A
Non-Executive Members (8)	Mr Tim Allan	Planning & Resources	4/4
	Mrs Pamela Chesters	Audit & Risk	4/4
	Mr Kennedy Dalton	Governance & Nominations Remuneration & Human Resources	4/4
	Professor Stuart Monro	Audit & Risk Governance & Nominations	4/4
	Mr Nigel Morecroft	Investments & Treasury Assurance Group Remuneration & Human Resources	3/4
	Dame Anne Pringle	Governance & Nominations Planning & Resources Remuneration & Human Resources	4/4
	Dr Mary Popple	Audit & Risk (until April 2017) Planning & Resources (from May 2017)	4/4
	Professor Sir David Wallace	Planning & Resources Remuneration & Human Resources	2/4

MEMBERSHIP OF COURT AND COMMITTEES

Membership of Standing Committees

Audit & Risk Committee	Member	Meetings attended 2016/17
Non-Executive Members of Court	Mrs Pamela Chesters (Convener, from May 2017) Dr Mary Popple (Convener and member, until April 2017) Professor Stuart Monro	5/5 4/4 5/5
General Council Assessor	Mr Nigel Christie	3/5
Co-opted external nominees	Mr Jim Lindsay Ms Lynn Brown (from February 2017)	4/5 2/2

Governance & Nominations Committee	Member	Meetings attended 2016/17
External Convener	Sir John Elvidge	5/5
<i>ex officio members</i> Senior Governor Principal President of the Students' Association	Dame Anne Pringle Professor Sally Mapstone Ms Charlotte Andrew (until 30 June 2017) Mr Lewis Wood (from 1 July 2017)	4/4 5/5 5/5 N/A
Non-Executive Members of Court	Mr Kennedy Dalton Professor Stuart Monro	2/5 5/5
Senate Assessor	Dr Chris Hooley (until 31 July 2017)	5/5
Non-Academic Staff Member	Ms Donna Pierz-Fennell (from 1 August 2017)	N/A

Planning and Resources Committee	Member	Meetings attended 2016/17
<i>ex officio members</i> Senior Governor Principal Quaestor & Factor President of the Students' Association	Dame Anne Pringle (Convener) Professor Sally Mapstone Mr Derek Watson Ms Charlotte Andrew (until 30 June 2017) Mr Lewis Wood (from 1 July 2017)	4/4 4/4 4/4 4/4 N/A
Non-Executive Members of Court	Mr Tim Allan Professor Sir David Wallace	4/4 3/4
Chancellor's Assessor	Mr Adrian Greer	3/4
Senate Assessor	Professor Frances Andrews	4/4

Remuneration & Human Resources Committee	Member	Meetings attended 2016/17
Non-Executive Members of Court	Mr Nigel Morecroft (Convener) Mr Kennedy Dalton Professor Sir David Wallace	3/3 1/3 3/3
<i>ex officio members</i> Senior Governor Principal	Dame Anne Pringle Professor Sally Mapstone	3/3 3/3
Co-opted external nominee	Ms Lynne Dalgarno	3/3

CHAIR'S STATEMENT

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

In these times of upheaval, challenge and uncertainty, it is to the considerable credit of all who work and study at St Andrews that the university has not only maintained, but strengthened its place as Scotland's pre-eminent seat of learning.

As I write, The Times and Sunday Times Good University Guide 2018 is preparing to name St Andrews as UK University of the Year for student experience, and the UK's leading university next to Oxbridge. Last year, the same guide judged St Andrews UK University of the Year for teaching quality. We are again the top multi-faculty institution in the National Student Survey, ranked 3rd in the UK in The Guardian University Guide and The Complete University Guide, and in the summer achieved a Teaching Excellence Framework Gold Award.

Such accolades are not only nice to have, and a vital adjunct to our ability to attract the best and brightest, they are indicators of critical underlying strengths which ought to continue to serve us well in these disrupted times.

In our case, the highest standards of research-led teaching, a robustly international outlook, students who continually challenge us and prudent planning and investment are a hardy mix. If there is to be a flight to quality as a consequence of Brexit and wider political and constitutional change, this university is well placed.

I am pleased to note that under the leadership of the Principal, Professor Sally Mapstone, the university has reached out to the political establishments in Scotland, the UK and further afield to ensure that our voice is heard at the highest levels as the country considers the complexity of its exit from the European Union. There are signs that this dialogue is bearing fruit.

Against the prevailing logic of Brexit, St Andrews has signaled its determination to strengthen European and overseas links. We have joined The Europaeum – a network of leading research focused European universities dedicated to maintaining strong cross-border academic ties, and The Talloires Network – a global body of universities with a focus on civic engagement. We will continue to build on our international connectedness in the firm belief that scholarship and excellence should not be constrained by borders.

The financial outcomes for the year, which are described in the Operating & Financial Review on pages 8 to 11 were satisfactory. In the current year we will receive less than one fifth of our income from the Scottish Government.

Our surplus for the year before other gains and losses was £11.7million, and our endowment funds have risen from £57.9million to £66.8million, through a combination of stock market performance and successful development activity. We received a £4.2m capital receipt from our partners in the Fife Park construction project, and £5.2million of donations and endowments to assist with student support and other operational activities.

CHAIR'S STATEMENT

In St Andrews itself, the scale of new building, renovation and maintenance which we are undertaking is considerable. Over the course of this year, the projects we will progress include the construction of a new Music Centre, the addition of 900 new student bedrooms (400 of which will be commissioned this academic year), the construction of a purpose built Professional Services hub at Eden Campus, a new Gatty Marine Laboratory at East Sands, an extension to MUSA, the continued refurbishment of the Main Library, the Younger Hall and our Maths Building, an Estates Hub at the North Haugh, the completion of our Sports Centre and proposals for the University's first new college since the 16th century, on the site of the current Madras College in South Street.

The Principal and her senior team are hard at work on a new, fit-for-purpose, strategic plan and we look forward to the year ahead with enthusiasm and confidence.

St Andrews could not achieve this level of excellence without the sustained commitment and hard work of its staff, students and governing bodies. I would like to pay tribute to all of you for helping to make this University such an exceptional institution.

Dame Anne Pringle
Senior Governor
17 October 2017

ACHIEVEMENTS IN THE YEAR

In a year which saw “post-truth” declared Word of the Year (Oxford Dictionaries 2016) the University of St Andrews has continued to play a vital role in supporting the values of research, scholarship and objective analysis.

Research and scholarship

- Professor Russell Morris has been elected to the Fellowship of the Royal Society, the oldest scientific society in the world.
- St Andrews Professors Sir Hew Strachan (International Relations), Nicholas Roe (English) and John Hudson (History) have been elected Fellows of the British Academy, the premier national body representing the humanities and social sciences.
- Professor Stephen Gillespie, Sir James Black Professor of Medicine, and Professor Andrew David Smith, Professor of Organic Chemistry, are among 59 distinguished individuals elected to become Fellows of the RSE this year.
- Arclight, a low-cost, solar-powered ophthalmoscope aimed at helping health workers in low-income countries detect signs of blindness, has been launched by a team led by the University of St Andrews.
- Professor Scott, from the School of Chemistry, referred to as “the father of integrated ferroelectrics” has been awarded the UNESCO Medal for Contributions to the Development of Nanoscience and Nanotechnologies’.
- St Andrews scientists have been working on the world’s largest ever acoustic wildlife survey and persuaded the Swedish government to create a huge marine conservation area in the Baltic Proper for the harbour porpoise.
- Dr Hazel Cameron has shone a light on a “conspiracy of silence” which turned a blind eye to the massacre of thousands of innocent civilians in Matabeleland.
- We have set up a prize fund for research impact. In its first year, the University’s Knowledge Exchange & Impact Fund (£100k) has, to date, supported 30 projects to generate benefit to society from St Andrews’ research.

Research-led teaching

- UK University of the Year for Student Experience (The Times and Sunday Times Guide)
- A Gold Award in the Teaching Excellence Framework
- The Byre Theatre is developing as a research and arts centre, enriching our resources with creativity and culture.
- This year our students awarded eight members of staff a Student’s Association Teaching Award, in recognition of the inspirational efforts they have made to shape students’ learning.

University Ranking and League Tables

- The Guardian University Guide – top in Scotland, 3rd in UK (same as last year)
- The Times and Sunday Times University Guide – top in Scotland and 3rd in the UK (same as last year) and top in the UK for teaching quality, runner up UK University of the Year
- The Complete University Guide – 1st in Scotland and 3rd in UK (up from 5th in the UK last year)
- The National Student Survey – top multi-faculty institution in the UK (joint-top last year)
- The Times Higher University World Rankings – 143rd (down from 110)
- THE World Rankings placed us 44 in the world for Arts & Humanities.
- The University now holds 3rd spot in all three domestic league tables; driven largely by outstanding NSS performance and our ability to attract high quality entrants.

ACHIEVEMENTS IN THE YEAR

University Ranking and League Tables (Cont'd)

- The QS University World Rankings – 92nd (down from 77th) marking over 10 years as one of the world top 100 universities in this ranking.
- The Leiden World Scientific Ranking – 94th in the world, and 35th in the world for International collaboration (up 21 places).

Innovation and enterprise

The University is developing several new company prospects based on staff inventions:

- QuantaserveNano and VitalBacteria - assisted by SOI Group
- Beyond Medics, SUMAC and NOMAD - entered into Converge Challenge
- Orbital Diagnostics & ParaFormance – in receipt of funding to develop technology

Two University spin-out companies MOFgen (Chemistry), which is pioneering a cutting-edge technology for coating medical devices and Pneumagen (Biology), which is developing therapeutics against respiratory infections, completed their first investment rounds totalling £2.3m in Dec 2016.

Based on fundamental research, the University's intellectual property is attracting significant commercial interest – with over 50% of the University's patent portfolio licenced to commercial partners.

Growth

- We have welcomed a total of 4,393 visitors on Visiting days this year (plus almost double that in guests including parents, and guardians).
- Admissions staff have attended approximately 900 recruitment events globally, across 37 countries.
- Work has begun to relocate more than 400 professional staff to our state-of-the-art Eden Campus at Guardbridge, significantly increasing available teaching space in St Andrews.
- We are investing £70 million to provide an additional 900 bed spaces and refurbish existing accommodation, and in April we announced formation of a working group to address issues related to student accommodation.
- The University is developing the design for a new £16.5million research building and a 'smart' aquarium that will be the most technologically advanced in the UK; providing a permanent base for the Scottish Oceans Institute.
- We have unveiled plans for a new £10million Music Centre; which will include practice, rehearsal and teaching spaces as well as a recording suite and library.
- A new four-court tennis arena is being built with the aim of encouraging more people to pursue tennis at all levels.
- Our 600th anniversary fundraising campaign total is at £90.2million in gifts and pledges.

Diversity

- The Principal is now leading the Universities Scotland work-stream on widening access.
- Earlier this year we hosted a national conference on equal opportunities in education.
- St Andrews was the first Scottish university to stage the Sutton Trust Summer School scheme and marked its 16th year as a participant this summer.
- This year marks a decade since the University's first modern apprenticeship scheme was established, with 49 young people successfully passing through the initiative since its inception.
- We have now opened a new purpose-built nursery, offering 44 full and part-time places for the children of staff, students and local residents.
- This year we celebrated the 40th anniversary of The Robert T Jones Memorial Trust Scholarship, having played host to almost 150 Emory University students in St Andrews.

OPERATING & FINANCIAL REVIEW

Preparation of the financial statements

The financial statements for the year to 31 July 2017 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and the Scottish Funding Council's (SFC) annual Accounts Direction.

As noted in the statement of principal accounting policies on page 28, the financial statements have been prepared on a historical cost basis as modified to include investments and derivative financial instruments at their market value.

Results for the year

Total income increased by 3.9% to £230.0million and the surplus for the year before other gains and losses was £11.7million (£8.7million in 2015/16). There were two material non-recurring items included within this result, being a £4.2million development fee relating to the construction of new student accommodation, and a £1.1million staff costs provision release. Adjusting for these one-off items, and excluding £5.2million of donations, the underlying operating surplus of £1.2million falls short of 3% of turnover – the amount targeted by the University in order to meet its current strategic objectives.

The University benefitted from several non-operational movements in the year including investment gains of £8.0million, an actuarial pension gain of £4.0million and a £1.9million gain on a US dollar denominated interest rate swap. These gains were offset by a small £0.7million loss on disposals, resulting in a total comprehensive income figure of £24.9million for the year.

Grants received from the SFC totalled £40.1million, representing 17.4% of total income, which is down from 18.1% in 2015/16. This continuing downward trend reflects the strength of the University to leverage growth in income from other sources, but also reflects static funding body grant settlements which are not keeping track with cost inflation pressures.

Tuition fee income increased by 9.4% to £93.3million, reflecting 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. In response to this, the University's strategy is to continue to work hard to maintain its excellent standards and reputation in order to continue to attract the very best students from around the world.

Research income decreased by 15.7% to £38.0million, however the prior year figure included a one-off £6.4million corporation tax claim made under HMRC's Research and Development Expenditure Credit (RDEC) scheme. Underlying research income has fallen by around £0.7million due to slower than anticipated research activity in the year. Looking forward, research grant awards show a welcome increase and this, together with the commencement of delayed grants from the current year should result in research activity and income increasing in 2017/18.

Excluding the £4.2million development fee, other income increased by £2.1million (4.6%) from last year's figure of £45.5million, with increases in grants towards capital projects, residential income through increased occupancy levels and summer activity, research services, consultancy income and royalties.

OPERATING & FINANCIAL REVIEW

Results for the year (Cont'd)

Investment income, which helps to support widening access and provide accommodation support through the funding of scholarships, has increased by 18.8% to £1.6million with much of the increase being driven by higher returns on long-term (endowed) investments. Interest earned on shorter term cash and deposit balances stayed static during the year at around £0.4million, despite increasing cash balances in advance of complex and comprehensive capital investment plans being progressed.

Donations and endowments encouragingly increased by £1.0million (24.5%) with the majority of this increase received in the form of endowments to fund scholarships in perpetuity.

Staff costs have increased year on year by £1.4million (1.2%) to £118.5million. This includes a £1.8million release from the USS deficit recovery provision, a £1.1million release of a provision set aside in the prior year for overseas tax and a £0.9million charge to the I&E in order to reflect the current service costs of the local defined benefit pension scheme. The underlying salary cost has increased by £3.4million (2.9%) which is lower than expected due to the in-year fall in research activity.

Other operating expenses increased by £6.6million (8.8%) in line with management decisions made across several strategic areas for the University. The operation of the new Biomass plant started during the year, along with a programme of ongoing demolition and impairment of existing buildings in line with strategic asset plans at Eden Campus. Legal and professional support costs associated with developing long term asset plans and re-financing arrangements, increases in repairs & maintenance spend and increased patent costs which were covered by increased income, all contributed to the increased operating expenses of the University. Finally, additional funding was committed to an increase in scholarships to support students coming to the University.

Depreciation has decreased by £2.0million (13.3%) as last year's figure included a one-off £1.8million depreciation charge relating to the construction of student accommodation under a service concession arrangement. The underlying figure remains stable with an expectation of an increase as we move forwards with our ambitious capital investment plans.

Actuarial adjustments relating to the local defined benefit pension scheme contributed £4.0million of income with changes in demographic assumptions and asset gains outweighing the effect of increases in the expected rate of inflation. In order to ensure the long term sustainability of the local pension scheme, and after consultation with members, the terms and conditions of the scheme were changed from 1 August 2017, moving from a final salary based scheme to a career average scheme.

Total net assets increased by £24.9million to £296.8million which relates mainly to capital investment, endowment fund appreciation, increased cash balances, positive movements in pension provisions and a reduction in long-term loans.

The University continues to invest heavily in the estate with around £19.3million spent on capital additions in the year. Much of the spend was around improving facilities for students - particularly in sport, residences and music – and kicking off longer term strategic projects such as the creation of Eden Campus located in Guardbridge and a new state of the art marine laboratory at the East Sands. The University's award winning Biomass Plant became operational during the year and has begun to provide heat to a large section of the University campus on a renewable basis.

OPERATING & FINANCIAL REVIEW

Results for the year (Cont'd)

Our longer term investments - primarily endowment funds which are invested in sustainable and socially responsible funds - increased in value by around £8.9million in the year due to favourable market conditions. Cash and short term investment balances increased by £5.3million in line with expectations, building up reserves for planned strategic capital projects. A £1.5million capital repayment of the loan used to finance construction of the Biomass plant was made during the year.

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 via the Planning and Resource Committee to Court on a quarterly basis using a Red, Amber, Green (RAG) system which allows Court members to focus on areas of concern. In 2016/17 particular attention was given to research performance as an area of recurring concern, and proactive steps were taken by senior management to address this. Awareness sessions, increased performance monitoring, investment in research support and academic staff training carried out during the year has seen research applications and awards increase significantly and research activity is anticipated to return to levels seen previously in the short to medium term.

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

Principal risks and uncertainties

The planned operating surplus of the University shows a small but stable position in 2017/18 with an increased level from 2018/19, based on a set of clear assumptions around growth, Government support and targeted investment. However, there are several specific areas of risk which must be taken into account:

- Brexit and the resulting uncertainty will undoubtedly impact the University's operations, but how and to what extent is still unknown. University management are monitoring the situation closely and have developed a high level action plan in order to mitigate some of the risks indicated in this scenario planning. Much will depend on decisions taken at UK and Scottish Government level;
- The University's longer term financial strategy depends on growth in student numbers. With Scottish and EU places currently restricted by the Scottish Government, this growth must come from RUK and / or overseas students. Increased competition means that applications and student numbers from these cohorts of students may not be maintained. 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. Any further changes to UK or Scottish Government policy affecting either immigration status or fee status of students will be carefully reviewed and reflected in the strategy of the University;
- Space utilisation and teaching efficiencies depend on the development and implementation of innovative teaching methods such as the virtual learning environment. Failure to embrace and adopt these technologies could limit the ability to increase the size of the student body, who could subsequently be restricted by the physical capacity of the University;

OPERATING & FINANCIAL REVIEW

Principal risks and uncertainties (Cont'd)

- The forecast modest growth in research grant awards may not be achieved, thereby impacting on our income levels, the contribution towards overheads and ultimately the operating surplus of the University;
- The Scottish Funding Council may continue to make further cuts to teaching, research and capital grants as part of the Scottish Government Spending Review without reducing demands for student places. The University will continue to seek diversified income streams in order to reduce reliance on government funding, as well as striving to ensure it is efficient and effective in all that it does;
- Pay negotiations, which are carried out at a UK level, will continue to be a risk due to the growing gap between headline inflation, restrictions on income growth and affordable pay offers;
- The 2017 valuation of the USS pension scheme, which is expected to complete towards the end of this year could result in further increases in employer contributions, creating a significant financial impact on the staff costs of the University, or could lead to industrial relation challenges if scheme benefits are put forward for change. Being part of a multi-employer scheme makes the ability to directly influence negotiations challenging for the University.

Looking forward

Although the £11.7million surplus for 2016/17 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
Finance Director
17 October 2017

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.

RESPONSIBILITIES OF COURT

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;
- 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 summarised on page 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 (the Code), which came into effect on 1 August 2013. 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

Following the implementation of the recommendations of an Internal Audit report carried out at the beginning of 2015, the University is compliant with both the main principles and supporting guidelines in the Code, and has contributed actively to the ongoing review of the Code under the auspices of the Committee of Scottish Chairs. Work is in hand to develop and adopt best practice procedures as part of a commitment to ongoing improvements in Corporate Governance. This includes a review of Court effectiveness beginning in autumn 2017, as well as the development of an action plan, including ordinance changes, to ensure compliance with the provisions of the HE Governance (Scotland) 2016 Act.

Statement of Internal Control

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

The internal control environment includes delegated authorities, policies, procedural and system controls, planning and budgetary processes, professional capability in specialist areas, governance structures and management reporting. A Scheme of Delegation is reviewed by the Audit & Risk Committee, and approved by Court each year. The current Scheme of Delegation was reviewed in June 2017.

The senior management team receives regular reports on the University's performance including appropriate performance indicators, and considers any control issues brought to its attention by early warning mechanisms embedded within the operational units and reinforced by risk awareness training. The senior management team and the Audit & Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.

Court's confirmation of the effectiveness of the system of internal control has also been informed by the following:

- The Internal Audit Annual Report 2016/17 presented to Audit & Risk Committee on the adequacy and effectiveness of systems of internal control including governance and risk management;
- The Risk Management Group's Annual Report;
- Comments made by the External Auditors in their report to the Audit & Risk Committee;
- The work of managers within the institution who have responsibility for the development and maintenance of the internal control framework.

Court considers, on the recommendation of the Audit & Risk Committee that a risk management process, compliant with the UK Corporate Governance Code, in so far as its provisions apply to the higher education sector, has been in place throughout the year ended 31 July 2017.

CORPORATE GOVERNANCE

Governance structures

Court is the governing body of the University, and derives its authority from Acts of Parliament. These, *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. The Statement of Primary Responsibilities can be found in section 2.3 of the Court Handbook.

<https://www.st-andrews.ac.uk/media/core/documents/about/court/university-court-handbook.pdf>

Court agreed the University Strategy for the period 2015-2025 in April 2015. Progress on the delivery plan for the Strategy is regularly monitored by Court, along with an agreed suite of Key Performance Indicators.

<https://www.st-andrews.ac.uk/about/governance/university-strategy/>

Court is responsible for the University's system of internal control and for reviewing its effectiveness. The 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 and Risk Committee on behalf of Court. The University's Risk Management Group is chaired by the Vice-Principal (Governance) and contains representatives of all key University activities. This Group has responsibility for embedding risk management in all decision-making processes of the University, to ensure that the exposure to risk is continually monitored, and corrective action taken where necessary. Risk management is discussed at each meeting of the Audit and Risk Committee, and a report is provided on key "escalated" risks to each meeting of Court.

Court had four regularly scheduled meetings during the year ended 31 July 2017, one of which was linked to a strategic away day. The overall attendance rate was 93%. Court has a number of committees with particular areas of responsibility. Court also operates an assurance scheme whereby areas of responsibility are governed by a number of Assurance Groups, each of which includes an independent member of Court, 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. These arrangements will be reviewed in future years to take account of the introduction of the post of Senior Lay Member required by the HE Governance (Scotland) 2016 Act.

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 Court.

The **Audit & Risk Committee** consists of independent members of Court, supplemented by additional co-opted external non-executive members to assist it in its role. The Committee held five scheduled meetings in the year ending 31 July 2017. All meetings were quorate and the overall attendance rate was 89%. 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, the Committee has responsibility for monitoring risk and receives regular reports from the University's Risk Management Group. It also has oversight of the University's complaints, counter-fraud and whistleblowing policies. 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.

1. 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

CORPORATE GOVERNANCE

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.

- The University Ethics & Research Integrity Assurance Group reports to the Audit & Risk Committee on the effectiveness of the University's policies, procedures and decision-making on the ethical consequences of teaching and research¹, and the University's engagement with the Concordat to Support Research Integrity. It receives reports from the University Teaching & Research Ethics Committee, the Animal Welfare Ethics Committee, and the Research Integrity Working Group.

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. This arrangement was confirmed by SFC in 2015 as consistent with the Code of Governance. The Committee held four scheduled meetings and one extraordinary meeting dealing with appointments to Court in the year ending 31 July 2017. All meetings were quorate and the attendance rate was 92%.

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. The Committee held four scheduled meetings in the year ending 31 July 2017. All meetings were quorate and the attendance rate was 94%.

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

¹ This also applies to University sponsored activities wherever geographically undertaken.

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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 £100,000; determines, through its independent 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. The Committee provides an annual report to the University Court detailing salary changes for senior staff, appropriately anonymised.

More widely, the Committee also receives, reviews, approves and monitors the University's strategic objectives in respect of its staff, including the promotion of the equality and diversity agenda; considers, encourages and reviews the effectiveness of major staff policy initiatives; receives updates on succession planning within the University's senior management team; reviews the effectiveness and performance of the Human Resources activities; and monitors compliance and risk management with respect to employment law and practice. The Committee held three scheduled meetings, all quorate, in the year ending 31 July 2017. The attendance rate was 89%.

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.

Sustainability

Sustainability is delivered through the University strategy 2015-25, approved by Court in spring 2015 and accessible at <https://www.st-andrews.ac.uk/staff/policy/planning/>. The Strategy is supported by a Delivery Plan, where each strategic objective is translated into a series of workstreams, owned by a member of the Executive Team and underpinned by specific projects and activities. Where appropriate, individual workstreams are mainstreamed into the forward programmes of Court Committee activity, and overall progress against the Delivery Plan is monitored quarterly by PARC and Court. In addition, the University has a comprehensive set of Key Performance Indicators covering all main areas of business and linking closely to the Strategic Objectives. These also form a standing item on PARC and Court agendas. The University's comprehensive approach to risk management is overseen by the Audit and Risk Committee and managed internally by the Risk Management Group, chaired by a Vice-Principal. Risks are attributed risks to both KPIs and Strategic Objectives and the effectiveness of controls and mitigating actions is systematically monitored.

CORPORATE GOVERNANCE

Equal Opportunities

The University is committed to ensuring that all staff and students, whether existing or potential, receive fair and equal treatment when applying to become, or working as part of the University Community. The University's Equality Diversity and Inclusion Policy applies to all staff, students, contractors and visitors, taking into account the provisions of Equality Act (2010) and the Scottish Specific Duties (2012). The Policy objectives are that all individuals will be treated with respect, that they will not be subject to unfair discrimination in any aspect of university life, and to achieve an environment in which everyone has the opportunity to develop to their full potential. The Policy includes specific provision for existing and potential employees with protected characteristics. The University's commitment to the Policy and regulatory framework principles are demonstrated externally through active participation in a number of accreditation schemes, most significantly the Athena SWAN scheme which focusses on gender and orientation. Overall, the University actively seeks ways to ensure that all individuals are not disadvantaged in their career development by factors relating to protected characteristics and personal circumstances.

<http://www.st-andrews.ac.uk/media/human-resources/equality-and-diversity/Equality%20&%20Diversity%20Inclusion%20Policy.pdf>

In compliance with equalities legislation, the University published its Equality Mainstreaming Report on 30 April 2017. This included a report on the Single Equalities Outcome Scheme for the period 2013-17, as well as setting ambitious new Equality Outcomes, supported by an action plan, for the period 2017-21.

<https://www.st-ews.ac.uk/media/human-resources/equality-and-diversity/reports/Equality-Mainstreaming-Report-27Apr17-Final.pdf>

Two senior academic members of the Principal's Office act as Equality and Diversity Champions, and progress against the action plan is monitored by the Equality Compliance Group, chaired by a Vice-Principal. Equalities issues are regularly discussed at the Joint Negotiating Committee with recognised Trade Unions, as well as at the Remuneration and HR Committee. The University is on track to submit its application to renew its Athena SWAN Institutional Bronze Award to the Equality Challenge Unit in November 2017. All STEM Schools bar one have now been successful in applying for Athena SWAN or JUNO awards, with the final School's submission currently under consideration. Plans are in progress for all Arts and Divinity (AHSSBL) Schools to seek Athena SWAN accreditation in the same way. The University also holds the Carer Positive Employer award; the LGBT Charter; and is a Stonewall Diversity Champion.

Gender balance on Court and its committees is regularly monitored, and applications from women and other under-represented groups are proactively sought in recruitment exercises and elections for Court positions as well as more broadly in University appointments and promotions processes. Success rates in attracting such applicants are benchmarked against other institutions where information is available. With the appointment of the University's second female vice-chancellor and the election of a female senior governor from August 2016, the three key posts in University governance – the Rector, the Senior Governor and the Vice-Chancellor – are all occupied by women.

CORPORATE GOVERNANCE

Training of Court Members

The University encourages Court members to maintain and develop their skills through formal and informal training. Details of courses attended by Court members are set out in the table below.

Date	Training	Member
September 2016	GDP – Student as a Governor conference, London	Mr Jack Carr
September 2016	Court induction completed	Ms Charlotte Andrew
September 2016	Court induction completed	Mr Jack Carr
September 2016	Court induction completed	Mr Bruce Dylan
October 2016	HEI Audit Committee Breakfast Seminar, London	Mrs Pamela Chesters
October 2016	GDP: Rethinking governance – Autumn 2016, five-week online course	Mr Tim Allan
December 2016	Information Security Essentials Certificate	Mr Ken Cochran
December 2016	Information Security Essentials Certificate	Prof Sir David Wallace
December 2016	Information Security Essentials Certificate	Dame Anne Pringle
December 2016	Information Security Essentials Certificate	Mr Tim Allan
December 2016	Information Security Essentials Certificate	Mrs Pamela Chesters
December 2016	Information Security Essentials Certificate	Mr Nigel Morecroft
December 2016	Information Security Essentials Certificate	Mr Nigel Christie
January 2017	Information Security Essentials Certificate	Prof Stuart Monro
January 2017	Information Security Essentials Certificate	Mr Adrian Greer
January 2017	Equal Opportunities in Higher Education, University of St Andrews	Mrs Pamela Chesters
February 2017	Brexit Seminar - The Future for Higher Education and Research	Prof Sir David Wallace
February 2017	Brexit Seminar - The Future for Higher Education and Research	Prof Stuart Monro
February 2017	GDP: Governor development: Scotland, Edinburgh	Mr Tim Allan

CORPORATE GOVERNANCE

Date	Training	Member
April 2017	The Learner Journey – aligning learning skills and career development (Chaired the event)	Prof Stuart Monro
May 2017	HEI Audit Committee Effectiveness Seminar, London	Mrs Pamela Chesters
June 2017	Future Schooling, Education and Learning Approaches. In the Scottish Parliament	Prof Stuart Monro
June 2017	Court induction completed	Prof Sharon Ashbrook
July 2017	Self-Assessment tool for Governors	Ms Donna Pierz-Fennell
July 2017	KPMG HE Finance Seminar	Mr Nigel Christie
July 2017	KPMG HE Finance Seminar	Mrs Pamela Chesters
August 2017	Court induction completed	Dr Morven Shearer
August 2017	Court induction completed	Ms Donna Pierz-Fennell
August 2017	Court induction completed	Mr Lewis Wood
August 2017	Court induction completed	Mr Zach Davis

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 University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 25.1 days (2015/16 28.9 days; 2014/15: 29.2days).

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)
17 October 2017

CORPORATE SUSTAINABILITY REPORT

This report summarises some of the key sustainability aspects addressed during the year.

Energy and Carbon Management

The University has a strategic goal to become carbon neutral for its energy use. It has a three-part Energy Strategy of behaviour change, investment in energy efficient systems to reduce energy demand, and installation of low carbon renewable technologies. This year has seen the completion of a 6.5MW biomass boiler and energy centre at the Eden Campus in Guardbridge, with a 27km district heating system providing low carbon heating to 41 buildings across the North Haugh Campus in St Andrews along with the adjacent student residences and sports centre. This award winning project has only been operating fully for 6 months, but has reduced the University annual heating carbon footprint by 25%, equivalent to 2,700 tonnes of CO₂.

The University continues to improve energy efficiency through its Salix energy investment fund, and has spent £4.4 million since 2007, over 200 individual projects. Changes to the carbon emission factors, and significant investment in energy efficiency of several buildings, together with the biomass district heating system coming on stream has reduced the overall University building carbon emissions by over 4,700 tonnes of carbon, representing a 15% reduction over 2015-16 totals.

Waste Management

The total University waste arisings and waste sent to landfill have decreased by over 50 tonnes from 2015-16 levels. The recycling rate remains unchanged at over 70%.

Our WARPit resource efficiency scheme, redistributing furniture and equipment across the University has expanded this year, doubling the annual carbon savings to 74 tonnes by diverting waste from landfill and saving nearly £90k on reduced procurement spend.

Behaviour Change & Community Engagement with Sustainability

The University's Environmental Facilitator training programme continues to promote positive environmental behaviours within schools and units. The network of Facilitators continues to meet regularly to share best practice and to discuss and input into important University activities related to the environment.

Our Green Week saw 45 events being held across a range of low carbon activities, themed around positive investment, careers in sustainability, biodiversity, sustainable transport, conscious consumption, and Fairtrade, with students, staff, and the local community getting involved.

Transition University of St Andrews is the part of the University that supports students, staff and local residents in projects and actions to reduce carbon footprints by practical sustainable activities. The group made successful applications to the Climate Challenge Fund, Cycling Scotland and Smarter Choices Smarter Places enabling it to bring its staff team up to seven (4.2 FTE) and deliver a range of infrastructure and services across the University and Town. A Bike Pool project ran more than 50 bike maintenance sessions this year, fixing over 650 bikes, training 53 people as mechanics, and upgrading over 100 bikes for long term rental to students. The group also wrote the University's ten year Cycling Strategy, helped the University become a Cycling Scotland Cycle Friendly Campus with Distinction, aided the expansion of the E-Car Club and founded the sustainable transport initiative Go St Andrews.

CORPORATE SUSTAINABILITY REPORT

Work continues on the Edible Campus project, one of the largest campus based food growing schemes in the country, and the StAndRe-use recycling scheme, whilst new links to St Andrews Botanical Garden are being forged to create a permanent community use skill-share space on the site.

Sustainable Development related to teaching and research

The University of St Andrews has a focus on sustainability in research, teaching and practice. With regards to research, several units and centres across the University contribute to our understanding of sustainability and explore practical solutions to sustainability challenges, including but not limited to St Andrews Sustainability Institute, Centre for Biological Diversity, Scottish Oceans Institute, Sea Mammal Research Institute, Centre for Housing Research, Centre for Research into Ecological and Environmental Modelling, the Institute for Environmental History and the Centre for Social and Environmental Accounting Research. Learning for sustainability manifests in specialist programmes such as the Sustainable Development (SD) undergraduate and postgraduate programmes, and is an integral part of programmes in Biology and Management. Sustainability content can also be found within a diverse range of modules including Economics, Chemistry, Philosophy, Divinity and English. Our merit in sustainability scholarship is internationally recognised, with our SD programmes being showcased at EAUC (The Environmental Association for Universities and Colleges) workshops and to international visitors

Collaboration with national and international academic and non-academic partners expands the scope of our impact. Our staff contribute to national and international conferences events such as the UK UN Regional Centre of Expertise in Education for Sustainable Development, and lead on local initiatives such as ‘Geobus’ - an educational outreach project supporting Earth Science learning in schools, which has reached over 50,000 school pupils in Scotland. Recent relevant research projects include investigation supporting the new biomass facility at the Eden Campus in Guardbridge, exploration of inequalities in public service provision, assessment of environmental philanthropy, new information on fishing by catches and sustainability technologies and critical analysis of the sustainability of golf.

The University is unusual in the development of links across research, teaching and practice, with institutional representatives lecturing on our University strategies, and having the Transition community engage staff and students by doing projects with practical relevance. Sustainability themes are, and will remain a key focus within the research and teaching strategies across the next decade and beyond.

Sustainable Investment

The University of St Andrews is committed to responsible investment and is a signatory to the UN Principles of Responsible Investment (UN PRI). The University Endowment funds are invested in line with the University’s Sustainable and Socially Responsible Investment Policy. The fund managers, Lion 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.

CORPORATE SUSTAINABILITY REPORT

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

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 and support the broader charitable efforts of the Students' Association. For 2016/17 the charities selected were Frontline Fife, Women for Women International and Anthony Nolan, all of whom benefitted from the £75,365 raised by the Charities Campaign over the past academic year and adding to the Student Association charitable total of £153,218. Of the 170+ student societies of the Students' 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. Several of the Association's subcommittees also focus upon charitable aims, including the Community Relations team LGBT+ group and Performing Arts (or 'Mermaids') which regularly hold workshops in local schools and events for both students and the local community including Fife's first ever Pride Parade.

Race2, the sponsored hitch-hike to Europe, raised £31,447, and Raising and Giving Week raised £7,324 and has in recent years won an award for local and community fundraising impact. In terms of volunteering, this year saw more volunteering hours across the Students' Association's dedicated Volunteering Subcommittee, with projects helping the elderly, town and gown relations, young people and animal welfare groups all continuing into the next session.

**Derek Watson
Quaestor & Factor
17 October 2017**

Opinion

We have audited the Consolidated and University financial statements of the University of St Andrews for the year ended 31 July 2017 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, recognised gains and losses, and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK";
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the University Court's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the University Court have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 - 24, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the terms of our engagement

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of the University Court

As explained more fully in the fully in the Statement of the University Court's Responsibilities set out on pages 12 - 13, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the University Court is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder

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

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

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

Statutory Auditor

Edinburgh

Date:

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

The maintenance and integrity of the University St Andrews web site is the responsibility of the University Court; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

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 2015 (SORP 2015) and in accordance with Financial Reporting Standards 102 “FRS102”. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. 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 investments and derivative financial instruments.

Basis of consolidation

The consolidated financial statements include the University, all material subsidiary and associate undertakings as listed in the notes to the accounts for the financial year to 31 July 2017. Intra-group transactions are eliminated on consolidation. The activities of the Students’ Association have not been consolidated as the University does not exert control or dominant influence over policy decisions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

The following are the key assumptions and estimations that management have made in the process of applying the University’s accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Pensions Liabilities

Assumptions used in the calculation of the USS deficit and S&LAS pension provisions represent a source of material uncertainty. The key assumptions made in deriving these figures are explained in detail in note 31.

Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and is credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES For the year ended 31 July 2017

Recognition of income (Cont'd)

Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

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

Grant Funding

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

Donations and endowments

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

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

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

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

Restricted donations - The donor has specified that the donation must be used for a particular objective.

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.

Restricted expendable endowments – where the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

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.

Capital Grants

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

Retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of St Andrews Superannuation and Life Assurance Scheme (S & LAS). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

A defined benefit scheme requires the University to provide the agreed benefits to current and former employees, and the actuarial risk (the risk that benefits will cost more or less than expected) and the investment risk (the risk that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance by the University. The University will recognise a liability for its obligations under defined benefit plans, net of plan assets.

The USS Scheme

The USS is a multi-employer scheme for which it has not been possible to identify the assets and liabilities to University members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

The S&LAS Scheme

Assets are held in a separate trustee-administered fund and are measured using market value. The liabilities of the scheme are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The University continues to make a small and diminishing number of supplementation payments to one retired member of the FSSU pension scheme. The liabilities of this scheme have been included in the financial statements.

Employment benefits

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

Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Operating Leases

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

The assets and liabilities of foreign operations are translated into sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at the average rate for the year where this rate approximates to the exchange rates ruling at the dates of the transactions. Exchange rate differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Property, plant & equipment

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.

Land

Land is stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. It is not depreciated as it is considered to have an indefinite useful life.

Previously a Revaluation Reserve was held by the University in relation to revaluations made on assets prior to the conversion to FRS102 at 1 August 2014. As no further revaluations are due to take place as the university accounts for assets under cost less depreciation method this has now been incorporated into the general Income and Expenditure Reserve.

Buildings

Buildings are stated at historic cost and are depreciated on a straight line basis over their expected useful economic lives which fall within the following ranges:

- | | |
|----------------------|-------------|
| - Building structure | 40-50 Years |
| - Building fit-out | 20-30 Years |
| - Building services | 25-35 Years |

A depreciable asset's anticipated useful economic life is reviewed periodically by an independent expert valuer and the accumulated and future depreciation adjusted accordingly.

Assets under construction are carried at cost, less any impairment loss. Assets under construction are not depreciated until the month following the month in which they become available for operational use.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

Equipment and Furniture

Equipment costing less than £25,000 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 |

Heritage Assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Works of art and other artefacts valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such cost or valuation is reasonably attainable. Higher value collections are stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. Heritage assets are not depreciated as their long economic life and high residual value means that any depreciation would not be material.

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.

Investment Properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. They are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

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.

Investments

Listed investments are stated at 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

Cash and cash equivalents

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: 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.

Joint Operations, jointly controlled assets and jointly controlled operations

The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations in the Consolidated Statement of Income and Expenditure.

Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such is a charity within the meaning of Section 506(1) of the Income and Corporations Tax Act 1988. The University is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of the Scottish Charities Regulator. It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporations Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income and gains are applied to exclusively charitable purposes.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 July 2017

Financial Instruments

Basic financial instruments are held at amortised cost using the effective interest rate method or cost and are subject to an annual impairment review. Complex financial instruments are held at fair value, with changes in fair value taken directly to the statement of comprehensive income.

The University uses an interest rate swap 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.

This financial instrument is held on the balance sheet at fair value. The University has adopted and complied with the requirements for hedge accounting and as a result, movements in fair value are recorded within Other Comprehensive Income.

Reserves

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31 July 2017

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees & education contracts	1	93,285	93,285	85,263	85,263
Funding body grants	2	40,136	40,136	40,046	40,046
Research grants & contracts	3	37,969	37,969	45,054	45,054
Other income	4	47,586	41,193	45,492	39,852
Development fee	5	4,207	4,207	-	-
Investment income	6	1,633	1,852	1,375	1,477
Total income before endowments and donations		224,816	218,642	217,230	211,692
Donations and endowments	7	5,175	5,859	4,156	4,859
Total income		229,991	224,501	221,386	216,551
Expenditure					
Staff costs	8	118,462	116,006	117,096	114,741
Other operating expenses		81,684	79,008	75,105	72,459
Depreciation	12	12,877	12,400	14,852	14,846
Interest and other finance costs	9	5,284	5,284	5,610	5,610
Total expenditure	10	218,307	212,698	212,663	207,656
Surplus before other gains/losses		11,684	11,803	8,723	8,895
(Loss) / Gain on disposal of assets		(753)	(753)	398	408
Gain on investments		8,030	8,030	3,199	3,199
Surplus before tax		18,961	19,080	12,320	12,502
Taxation	11	(28)	(15)	(1,405)	(1,394)
Surplus for the year		18,933	19,065	10,915	11,108
Actuarial gain / (loss) in respect of pension schemes	31	4,045	4,045	(13,655)	(13,655)
Change in fair value of hedging financial instruments		1,915	1,915	(1,500)	(1,500)
Total comprehensive income for the year		24,893	25,025	(4,240)	(4,047)
Represented by:					
Endowment comprehensive income for the year	23	11,271	11,271	5,125	5,125
Restricted comprehensive income for the year	24	(9,655)	(9,655)	(299)	(299)
Unrestricted comprehensive income for the year		23,277	23,409	(9,066)	(8,873)
		24,893	25,025	(4,240)	(4,047)

All items of income and expenditure relate to continuing activities.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2017

	Income and expenditure account			Total £000
	Endowment £000	Restricted £000	Unrestricted £000	
Consolidated				
Balance at 1 August 2015	53,047	14,740	208,345	276,132
Surplus from the income and expenditure statement	5,125	1,010	4,780	10,915
Other comprehensive income	-	-	(15,155)	(15,155)
Release of restricted funds spent in the year	-	(1,309)	1,309	-
Total comprehensive income for the year	<u>5,125</u>	<u>(299)</u>	<u>(9,066)</u>	<u>(4,240)</u>
Balance at 1 August 2016	58,172	14,441	199,279	271,892
Surplus from the income and expenditure statement	11,271	743	6,919	18,933
Other comprehensive income	-	-	5,960	5,960
Release of restricted funds spent in the year	-	(10,398)	10,398	-
Total comprehensive income for the year	<u>11,271</u>	<u>(9,655)</u>	<u>23,277</u>	<u>24,893</u>
Balance at 31 July 2017	<u>69,443</u>	<u>4,786</u>	<u>222,556</u>	<u>296,785</u>
University				
Balance at 1 August 2015	53,047	14,740	207,616	275,403
Surplus from the income and expenditure statement	5,125	1,010	4,973	11,108
Other comprehensive income	-	-	(15,155)	(15,155)
Release of restricted funds spent in the year	-	(1,309)	1,309	-
Total comprehensive income for the year	<u>5,125</u>	<u>(299)</u>	<u>(8,873)</u>	<u>(4,047)</u>
Balance at 1 August 2016	58,172	14,441	198,743	271,356
Surplus from the income and expenditure statement	11,271	743	7,051	19,065
Other comprehensive income	-	-	5,960	5,960
Release of restricted funds spent in the year	-	(10,398)	10,398	-
Total comprehensive income for the year	<u>11,271</u>	<u>(9,655)</u>	<u>23,409</u>	<u>25,025</u>
Balance at 31 July 2017	<u>69,443</u>	<u>4,786</u>	<u>222,152</u>	<u>296,381</u>

CONSOLIDATED AND UNIVERSITY BALANCE SHEET
As at 31 July 2017

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Tangible Fixed assets	12	356,975	335,695	351,927	334,287
Heritage assets	12	38,703	38,703	38,433	38,433
Investments	15	66,782	78,912	57,917	69,007
		<u>462,460</u>	<u>453,310</u>	<u>448,277</u>	<u>441,727</u>
Current assets					
Stock	17	989	777	1,140	917
Trade and other receivables	18	19,879	30,460	22,963	34,031
Current Investments	19	23,078	23,078	21,661	21,661
Cash and cash equivalents	25	19,815	18,215	15,891	12,993
		<u>63,761</u>	<u>72,530</u>	<u>61,655</u>	<u>69,602</u>
Less: Creditors : amounts falling due within one year	20	<u>(67,247)</u>	<u>(67,365)</u>	<u>(69,638)</u>	<u>(71,666)</u>
Net current (liabilities) / assets		<u>(3,486)</u>	<u>5,165</u>	<u>(7,983)</u>	<u>(2,064)</u>
Total assets less current liabilities					
		458,974	458,475	440,294	439,663
Creditors: amounts falling due after more than one year	21	(100,852)	(100,757)	(102,352)	(102,257)
Provisions					
Pension provisions	22	(60,877)	(60,877)	(64,427)	(64,427)
Other provisions	22	(460)	(460)	(1,623)	(1,623)
Total net assets		<u>296,785</u>	<u>296,381</u>	<u>271,892</u>	<u>271,356</u>
Restricted reserves					
Income and expenditure reserve – endowment reserve	23	69,443	69,443	58,172	58,172
Income and expenditure reserve – restricted reserve	24	4,786	4,786	14,441	14,441
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		222,556	222,152	199,279	198,743
Total Reserves		<u>296,785</u>	<u>296,381</u>	<u>271,892</u>	<u>271,356</u>

Approved by the University Court of the University of St Andrews on 17 October 2017 and signed on its behalf by:

Professor Sally Mapstone Principal and Vice-Chancellor

Dame Anne Pringle Senior Governor

Mr Andrew Goor Director of Finance

CONSOLIDATED AND UNIVERSITY CASH FLOW
As at 31 July 2017

	Notes	Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
Cash flow from operating activities			
Surplus for the year		18,933	10,915
Adjustment for non-cash items			
Depreciation	12	12,877	14,852
Gain on investments	23	(9,695)	(4,761)
Decrease / (Increase) in stock	17	151	(178)
Decrease / (Increase) in debtors	18	3,084	(6,770)
(Decrease) / Increase in creditors	20	(1,282)	7,973
Increase in pension provisions	22	495	1,667
(Decrease) / Increase in other provisions	22	(1,163)	1,137
Impairment of tangible fixed assets	12	1,684	-
Donated fixed asset	13	(270)	-
Adjustment for investing or financing activities			
Investment income	6	(2,614)	(2,352)
Endowment income	7	(2,601)	(1,242)
Interest payable	9	4,857	4,902
Loss / (Profit) on the sale of fixed assets		753	(398)
Capital grant income	2/4	(4,682)	(3,416)
Net cash inflow from operating activities		20,527	22,329
Cash flows from investing activities			
Proceeds from sales of fixed assets		81	521
Capital grant receipts	2/4	4,682	3,416
Additions to non-current asset investments		(570)	(491)
Withdrawal / (Additions) to deposits		1,184	(2,462)
Investment income	6	2,614	2,352
Payments made to acquire fixed assets		(18,237)	(36,217)
New deposits	7	(2,601)	(1,242)
Net cash outflow from investing activities		(12,847)	(34,123)
Cash flows from financing activities			
Interest paid	9	(4,857)	(4,902)
Endowment cash received	7	2,601	1,242
New secured loans		-	11,000
Repayments of amounts borrowed	21	(1,500)	-
Net cash (outflow) / inflow from financing activities		(3,756)	7,340
Increase / (Decrease) in cash and cash equivalents in the year			
		3,924	(4,454)
Cash and cash equivalents at beginning of the year	25	15,891	20,345
Cash and cash equivalents at end of the year	25	19,815	15,891
		3,924	(4,454)

NOTES TO THE ACCOUNTS
As at 31 July 2017

1 Tuition fees and education contracts

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	10,690	10,690	9,863	9,863
RUK students (new fee rates)	19,411	19,411	17,791	17,791
RUK students (old fee rates)	15	15	157	157
Full-time international students	55,438	55,438	50,094	50,094
Part-time home and EU students	312	312	294	294
Part-time international students	506	506	230	230
Research training support grant	3,674	3,674	3,891	3,891
Short course fees	2,925	2,925	2,716	2,716
Other tuition fees	314	314	227	227
	93,285	93,285	85,263	85,263

2 Funding body grants

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Recurrent grant				
SFC HE recurring teaching grant	13,615	13,615	13,883	13,883
SFC recurrent research grant	19,747	19,747	20,191	20,191
Specific grant				
Other SFC grants	3,253	3,253	3,151	3,151
SFC capital grants	3,521	3,521	2,821	2,821
	40,136	40,136	40,046	40,046

3 Research grants and contracts

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	16,543	16,598	18,061	18,061
UK Government bodies, local & health Authorities	4,223	4,223	10,515	10,515
UK based charities	3,538	3,538	3,604	3,604
UK industry, commerce & public corporations	1,315	1,315	855	855
EU government bodies	6,790	6,790	7,183	7,183
EU other	877	877	601	601
Other overseas	3,671	3,671	3,376	3,376
Other sources	78	23	147	147
	37,035	37,035	44,342	44,342
Income deferred into capital suspense	934	934	(953)	(953)
Capital grants	-	-	1,665	1,665
	37,969	37,969	45,054	45,054

NOTES TO THE ACCOUNTS
As at 31 July 2017

4 Other income

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences fees	26,045	26,045	27,254	27,254
Consultancy, knowledge transfer and cultural engagement	3,152	584	2,752	414
Third party contributions to operational activities	2,935	2,935	2,517	2,517
Conference sales	2,825	-	2,667	-
Miscellaneous sales	1,871	941	1,410	908
External contribution to salaries	1,241	1,241	1,077	1,077
Other capital grants	1,161	1,161	595	595
Bar sales	1,109	1,109	1,164	1,164
Foreign exchange gains	1,026	1,030	1,212	1,079
Royalties	1,023	1,023	669	669
Other income	913	913	986	986
Memberships	757	757	615	615
Subscription income	702	702	249	249
Continuing professional development	635	635	584	584
Rental	626	626	515	515
Academic conferences	542	542	490	490
Non research prizes and awards	378	304	128	128
Hire and facilities	284	284	225	225
Other services provided	233	233	282	282
Consumables and services recharged	128	128	101	101
	47,586	41,193	45,492	39,852

5 Development Fee

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Development Fee	4,207	4,207	-	-

On 8th September 2016 the University received £4.207m to develop new student accommodation at Fife Park Phase 2.

6 Investment income

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest from short-term investments	391	390	386	349
Interest from long-term investments	-	220	-	139
Investment income on restricted endowments	2,011	2,011	1,776	1,776
Investment income on unrestricted endowments	212	212	190	190
Net return on S&LAS pension scheme (note 31)	(981)	(981)	(977)	(977)
	1,633	1,852	1,375	1,477

NOTES TO THE ACCOUNTS
As at 31 July 2017

7 Donations and endowments

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments	2,601	2,601	1,242	1,242
Donations with restrictions	1,692	1,692	2,005	2,005
Restricted donations with performance conditions	299	299	304	304
Unrestricted donations	583	1,267	605	1,308
	5,175	5,859	4,156	4,859

8 Staff costs

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Staff Costs:				
Salaries	96,666	94,349	96,329	94,087
Social security costs	9,005	8,944	7,664	7,622
Movement on USS deficit provision	(1,814)	(1,814)	(308)	(308)
Other pension costs	14,605	14,527	13,411	13,340
	118,462	116,006	117,096	114,741

Emoluments of the Principal:

	Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
Salary	220	104
Benefits	-	5
Pension contributions to USS	30	17
Total Emoluments	250	126

The University paid related tax on the benefit in kind shown in the prior year.

Emoluments of the Acting Principal:

	Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
Salary	11	94
Pension contributions to USS	-	1
	11	95

The Principal occupies a small third floor flat that is provided to her by the University on a representative basis, that is, as part of her role as University Principal. The flat is within University House, the remainder of which is used for public receptions, meetings and dinners, and for temporary accommodation for visiting scholars and university guests.

The Principal was in post for eleven months from 1 September 2016 until 31 July 2017. In the prior year, the previous Principal was in post for five months from 1 August 2015 until 31 December 2015. From 1 January 2016 until 31 August 2016, the Principal's duties were assumed by the Acting Principal and the Quaestor & Factor.

The Principal is not included in the table of higher paid staff overleaf.

NOTES TO THE ACCOUNTS
As at 31 July 2017

8 Staff costs (Cont'd)

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

	2016/17	2015/16
	No.	No.
£100,001 to £110,000	15	14
£110,001 to £120,000	12	8
£120,001 to £130,000	3	3
£150,001 to £160,000	2	1
£170,001 to £180,000	-	1
£180,001 to £190,000	1	2
£190,001 to £200,000	1	-
£200,001 to £210,000	1	-
£210,001 to £220,000	1	1
	<u>36</u>	<u>30</u>

Average staff numbers by major category:	No.	No.
Academic	1,074	1,059
Academic support services	269	259
Research	328	342
Administration	412	405
Premises	217	208
Catering and residencies	272	266
	<u>2,572</u>	<u>2,539</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

	Year ended	Year ended
	31 July 2017	31 July 2016
	£000	£000
Salary	1,006	947
Employers pension contributions	145	138
Total compensation	<u>1,151</u>	<u>1,085</u>

Two key management personnel posts were vacant for part of the 2016/17 financial year.

NOTES TO THE ACCOUNTS
As at 31 July 2017

9 Interest and other finance costs

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	4,849	4,849	4,896	4,896
Interest paid to endowment funds	8	8	6	6
Net charge on pension scheme	427	427	708	708
	5,284	5,284	5,610	5,610

10 Analysis of total expenditure by activity

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic and related expenditure	81,953	81,953	84,073	84,073
Academic support services	16,329	16,329	15,998	15,998
Administration and central services	24,232	24,232	22,432	22,432
Premises (including service concession)	24,601	25,483	21,024	21,024
Research grants and contracts	28,203	28,203	27,771	27,771
Residences, catering and conferences	18,294	19,041	19,928	19,928
Other expenses	24,695	17,457	21,437	16,430
	218,307	212,698	212,663	207,656

Other operating expenses include:

External auditors remuneration in respect of:

audit services	99	138
non-audit services	166	5
Internal audit – core plan	81	88
Hire of plant and equipment	358	310

11 Taxation

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Current tax				
Current tax expense	28	-	1,414	1,394
Adjustment in respect of prior years	-	15	(9)	-
Current tax expense	28	15	1,405	1,394

The University's tax expense is in respect of the Research and Development Expenditure Credit grants.

NOTES TO THE ACCOUNTS
As at 31 July 2017

12 Tangible Fixed Assets

Consolidated	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
Cost							
At 1 August 2016	382,622	29,054	88,569	1,324	501,569	38,433	540,002
Additions	286	16,977	1,780	-	19,043	270	19,313
Transfers	25,956	(31,157)	5,201	-	-	-	-
Revaluation	-	-	-	1,400	1,400	-	1,400
Impairment	-	(1,282)	-	-	(1,282)	-	(1,282)
Disposals	(1,065)	-	(432)	-	(1,497)	-	(1,497)
At 31 July 2017	407,799	13,592	95,118	2,724	519,233	38,703	557,936
Depreciation							
At 1 August 2016	74,518	-	75,124	-	149,642	-	149,642
Charge for Year	7,984	-	4,893	-	12,877	-	12,877
Impairment	402	-	-	-	402	-	402
Disposals	(259)	-	(404)	-	(663)	-	(663)
At 31 July 2017	82,645	-	79,613	-	162,258	-	162,258
Net Book Value							
At 31 July 2017	325,154	13,592	15,505	2,724	356,975	38,703	395,678
At 31 July 2016	308,104	29,054	13,445	1,324	351,927	38,433	390,360

NOTES TO THE ACCOUNTS
As at 31 July 2017

12 Tangible Fixed Assets (Cont'd)

University	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
Cost							
At 1 August 2016	382,486	11,413	88,058	1,324	483,281	38,433	521,714
Additions	284	12,896	1,746	-	14,926	270	15,196
Transfers	9,994	(10,475)	481	-	-	-	-
Revaluation	-	-	-	1,400	1,400	-	1,400
Impairment	-	(1,282)	-	-	(1,282)	-	(1,282)
Disposals	(1,065)	-	(432)	-	(1,497)	-	(1,497)
At 31 July 2017	391,699	12,552	89,853	2,724	496,828	38,703	535,531
Depreciation							
At 1 August 2016	74,382	-	74,612	-	148,994	-	148,994
Charge for Year	7,679	-	4,721	-	12,400	-	12,400
Impairment	402	-	-	-	402	-	402
Disposals	(259)	-	(404)	-	(663)	-	(663)
At 31 July 2017	82,204	-	78,929	-	161,133	-	161,133
Net Book Value							
At 31 July 2017	309,495	12,552	10,924	2,724	335,695	38,703	374,398
At 31 July 2016	308,104	11,413	13,446	1,324	334,287	38,433	372,720

Included within fixed assets is an amount of £3,523,218 (2015/16 - £3,523,218) of capitalised finance costs.

NOTES TO THE ACCOUNTS
As at 31 July 2017

13 Heritage assets

The table below shows the analysis of acquisitions
Acquisitions for the current and previous four years were as follows:

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Acquisitions purchased with specific donations	-	-	-	28	-
Acquisitions purchased with University funds	-	45	58	-	15
Total cost of acquisitions purchased	<u>-</u>	<u>45</u>	<u>58</u>	<u>28</u>	<u>15</u>
Value of acquisitions by donation	270	-	45	115	-
Total acquisitions purchased	<u>270</u>	<u>45</u>	<u>103</u>	<u>143</u>	<u>15</u>

14 Service Concession Arrangements

The University has one on Balance Sheet arrangement where service delivery has commenced.

In September 2015 the University entered into a 40-year contract with a third party provider for the provision and maintenance of Fife Park providing accommodation to around 300 students.

The assets and liabilities relating to this scheme were recognised on the University's Balance Sheet but have been fully written down / unwound.

Service commenced on 9 September 2015 and the contract will finish on 7 September 2055.

The University has the option to provide an annual occupancy commitment and as a result of this option being exercised during the current year, £2.0million of 2017/18 rental costs has been recorded within other operating expenses.

NOTES TO THE ACCOUNTS
As at 31 July 2017

15 Non-Current Investments

Consolidated	Subsidiary companies	Other fixed asset investments	Total
	£000	£000	£000
At 1 August 2016	-	57,917	57,917
Additions	-	25,113	25,113
Disposals	-	(21,874)	(21,874)
Appreciation	-	8,295	8,295
Debtor movement	-	(59)	(59)
Cash movement	-	(2,610)	(2,610)
At 31 July 2017	-	66,782	66,782
University			
At 1 August 2016	11,090	57,917	69,007
Additions	1,306	24,947	26,253
Disposals	-	(21,874)	(21,874)
Appreciation	-	8,295	8,295
Debtor movement	-	(59)	(59)
Cash movement	-	(2,610)	(2,610)
Impairment	(100)	-	(100)
At 31 July 2017	12,296	66,616	78,912

Additional Analysis of other fixed asset investments

	£000
Endowment Equities	58,872
Non-Endowment Equities	199
Fixed Income Bonds	1,806
Property Trust / Money Market	1,025
Creditors	(170)
Cash and cash equivalent	5,050
Total Investments	66,782

Listed investments are held at fair value based on quoted market price.

NOTES TO THE ACCOUNTS
As at 31 July 2017

15 Non-Current Investments (Cont'd)

Subsidiary companies

The following subsidiary companies are all wholly owned or effectively controlled by the University:

<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
St Andrews Lean Consultancy Ltd	Scotland	Management Change Consultancy
St Andrews West Ltd	Scotland	Property Development
Smart History Ltd (60% owned)	Scotland	Computer Science & 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

16 Investment in associates

The University has a 49% holding in CLV UK LLP whose principal business activities include the acquisition, delivery, operation and management of student accommodation and associated services. The profit share of £208k (2015/16 - £108k) has been recognised as income and is reported in the University's consolidated income and expenditure account.

The University's wholly owned subsidiary, St Andrews West Ltd, has a 41.4% holding in St Andrews West LLP whose principal activity is property development. The carrying amount of the investment at the balance sheet date is £166k.

17 Stock

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	777	777	917	917
Goods for resale	212	-	223	-
	989	777	1,140	917

NOTES TO THE ACCOUNTS
As at 31 July 2017

18 Trade and other receivables:

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts receivable within one year				
Research grants receivables	7,414	7,414	13,524	13,524
Debts due from students	901	901	344	344
Trade receivables	2,710	1,615	1,894	1,392
Amounts due from subsidiary companies	-	801	-	683
Other receivables	160	139	98	62
Prepayments and accrued income	8,694	8,590	7,103	7,026
	19,879	19,460	22,963	23,031
Amounts receivable after more than one year				
Amounts due from subsidiary companies	-	11,000	-	11,000
	-	11,000	-	11,000
Total trade and other receivables	19,879	30,460	22,963	34,031

19 Current Investments

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing: In one year or less	23,078	23,078	21,661	21,661
	23,078	23,078	21,661	21,661

20 Creditors: amounts falling due within one year

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Trade payables	5,650	4,778	4,487	4,311
Social security and other taxation payable	2,775	2,770	3,004	4,163
Amounts owed to group undertakings	-	1,492	-	1,492
Accruals and deferred income	51,975	51,478	53,385	52,938
Derivatives	6,847	6,847	8,762	8,762
	67,247	67,365	69,638	71,666

The derivatives relate to interest rate swaps held at fair value based on a mark to market estimate and using exchange rates at the balance sheet date (see note 28 – Events after the reporting period).

NOTES TO THE ACCOUNTS
As at 31 July 2017

20 Creditors: amounts falling due within one year (Cont'd)

Deferred income

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

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations with performance conditions	862	862	836	836
Doctorial Training Grants	2,795	2,795	3,350	3,350
Student receipts in advance	12,188	12,188	15,605	15,605
Grant income (including pooling)	1,120	1,120	2,586	2,586
Other income with performance conditions	2,278	2,278	2,030	2,030
Research grants received on account	15,249	15,249	13,853	13,853
Other accruals and deferred income	14,285	13,788	13,187	12,741
Service Concession Arrangement	3,198	3,198	1,937	1,937
	51,975	51,478	53,385	52,938

21 Creditors: amounts falling due after more than one year

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	100,757	100,757	102,257	102,257
Cumulative convertible preference shares	95	-	95	-
	100,852	100,757	102,352	102,257
Analysis of secured and unsecured loans				
Due between one and two years	3,750	3,750	-	-
Due between two and five years	12,507	12,507	12,507	12,507
Due in five years or more	84,500	84,500	89,750	89,750
Due after more than one year	100,757	100,757	102,257	102,257
Unsecured loans repayable by 2022	1,257	1,257	1,257	1,257
Unsecured loans repayable by 2023	9,500	9,500	11,000	11,000
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
	100,757	100,757	102,257	102,257

Included in loans are the following:

Lender	Amount £000	Repayments Commence	Interest Rate
Amber Green SPRUCE 2 LLP	9,500	2023	2.00%
Barclays Bank Plc	30,000	2019	5.34%
Barclays Bank Plc	60,000	2039	5.06%

The University restructured part of its longer term borrowings after the year end, see note 28 – Events after the reporting period.

NOTES TO THE ACCOUNTS
As at 31 July 2017

22 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £000	FSSU Unfunded Pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2016	(23,989)	(13)	(40,425)	(64,427)	(1,497)	(126)	(1,623)
Utilised in year	1,814	5	18,695	20,514	1,073	126	1,199
Additions	(427)	-	(16,537)	(16,964)	-	(36)	(36)
Balance at 31 July 2017	(22,602)	(8)	(38,267)	(60,877)	(424)	(36)	(460)

University	Obligation to fund deficit on USS pension £000	FSSU Unfunded Pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2016	(23,989)	(13)	(40,425)	(64,427)	(1,497)	(126)	(1,623)
Utilised in year	1,814	5	18,695	20,514	1,073	126	1,199
Additions	(427)	-	(16,537)	(16,964)	-	(36)	(36)
Balance at 31 July 2017	(22,602)	(8)	(38,267)	(60,877)	(424)	(36)	(460)

USS deficit

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

NOTES TO THE ACCOUNTS
As at 31 July 2017

23 Endowment Reserves
Consolidated and University

	Unrestricted permanent endowments £000	Restricted permanent endowments £000	2017 Total £000	2016 Total £000
Balances at 1 August 2016				
Capital	5,318	49,843	55,161	50,720
Accumulated income	1	3,010	3,011	2,327
	<u>5,319</u>	<u>52,853</u>	<u>58,172</u>	<u>53,047</u>
New endowments / transfers	(52)	988	936	(320)
Investment income	212	2,011	2,223	1,965
Expenditure	(213)	(1,370)	(1,583)	(1,281)
Increase in market value of investments	812	8,883	9,695	4,761
Total endowment comprehensive income for the year	<u>759</u>	<u>10,512</u>	<u>11,271</u>	<u>5,125</u>
Balances as at 31st July 2017	<u>6,078</u>	<u>63,365</u>	<u>69,443</u>	<u>58,172</u>
Represented by:				
Capital	6,078	59,714	65,792	55,161
Accumulated Income	-	3,651	3,651	3,011
	<u>6,078</u>	<u>63,365</u>	<u>69,443</u>	<u>58,172</u>
Analysis by type of purpose:				
	£000	£000	£000	£000
Chairs and Lectureships	-	15,574	15,574	13,059
Academic Schools / Unit Support	-	5,823	5,823	6,511
Scholarships and Bursaries	-	37,882	37,882	32,097
Prize funds	-	1,362	1,362	1,186
General	6,078	-	6,078	5,319
Endowment Property	-	2,724	2,724	-
	<u>6,078</u>	<u>63,365</u>	<u>69,443</u>	<u>58,172</u>

Deficit balances

Included within endowments are a number of permanent restricted funds with a deficit of accumulated income as at 31st July 2017. There are 12 individual funds with a combined income deficit balance of £0.014 million with a corresponding combined capital balance of £1.5m. (2015/16 – 12 funds with a total combined income deficit of £0.040 million). The deficits have occurred due mainly to commitments on scholarship and prize spend. The University closely monitors these balances and expects them to return to an accumulated income position in future years.

NOTES TO THE ACCOUNTS
As at 31 July 2017

23 Endowments (Cont'd)

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

Name of Fund	At 31 July 2016	New / Additions	Change in market value	Transfer of realised appreciation	Income	Expenditure	At 31 July 2017
	£000	£000	£000	£000	£000	£000	£000
United College Chairs Fund	7,265	-	1,096	(222)	288	(288)	8,139
Lapsed Bursaries Fund	4,541	-	666	(135)	176	(25)	5,223
General Unrestricted Fund	2,958	-	446	(90)	117	(117)	3,314
The R&A Ransome Scholarship	2,011	23	305	(85)	104	(104)	2,254
600 th Anniversary Endow Fund	1,677	110	262	(51)	67	(67)	1,998
Maitland Ramsay PG Scholarship	1,433	-	186	(38)	49	(53)	1,577
PhD Studentships (Anonymous)	1,398	-	204	(41)	54	(16)	1,599
D. & G. Bonnyman Scholarship	1,386	-	204	(41)	54	(40)	1,563
600 th Anniversary Scholarship Fund	1,144	46	168	(34)	44	(12)	1,356
Gifford Bequest	1,103	-	136	(28)	36	(5)	1,242
American Literature Fund	1,092	488	206	(32)	45	-	1,799
Prof & Mrs Purdie Bequest	1,069	-	18	(4)	34	(79)	1,038
Moncrieff Travelling Scholarship	936	-	129	(26)	34	(23)	1,050
John & Aileen Irving Fund	915	-	124	(25)	33	(30)	1,017
St Mary's Anniversary Appeal	752	-	98	(20)	26	(62)	794
Harold Mitchell Fellowship	748	-	94	(19)	25	(16)	832
The R&A International Scholarship	688	-	103	(21)	27	(18)	779
Barbara Bennett Ure Scholarship	679	167	119	(21)	28	-	972
Don Scholarship	647	-	87	(18)	23	-	739
Guthrie Mortification Scholarship	583	-	92	(19)	24	(2)	678
	33,025	834	4,743	(970)	1,288	(957)	37,963

NOTES TO THE ACCOUNTS
As at 31 July 2017

24 Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants £000	Restricted donations £000	2017 Total £000	2016 Total £000
Balances at 1 August 2016	11,042	3,399	14,441	14,740
New grants	1,161	-	1,161	595
New donations	-	1,692	1,692	2005
Capital grants utilised	(10,398)	-	(10,398)	(1,309)
Expenditure	-	(2,110)	(2,110)	(1,590)
Total restricted comprehensive income for the year	<u>(9,237)</u>	<u>(418)</u>	<u>(9,655)</u>	<u>(299)</u>
Balances as at 31 July 2017	<u>1,805</u>	<u>2,981</u>	<u>4,786</u>	<u>14,441</u>

Analysis of other restricted funds / donations by type of purpose:

	2017 Total £000	2016 Total £000
Chairs and Lectureships	(181)	(94)
Academic Schools / Unit Support	1,203	1,717
Scholarships and Bursaries	1,875	1,700
Prize funds	84	76
	<u>2,981</u>	<u>3,399</u>

Within 'Chairs and Lectureships' there is one fund that is in deficit due to spending commitments being made in advance of funds being received. This fund will return to a positive position in the new year.

25 Cash and cash equivalents

	At 1st August 2016 £000	Cash Flows £000	At 31st July 2017 £000
Consolidated			
Cash and cash equivalents	15,891	3,924	19,815
	<u>15,891</u>	<u>3,924</u>	<u>19,815</u>

NOTES TO THE ACCOUNTS
As at 31 July 2017

26 Capital and other commitments
Consolidated and University

Provision has not been made for the following capital commitments at 31st July 2017

	As at 31 July 2017		As at 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	30,176	30,176	11,917	4,159
Authorised but not contracted for	1,175	1,175	732	732
	<u>31,351</u>	<u>31,351</u>	<u>12,649</u>	<u>4,891</u>

27 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	Total as at 31 July 2017 £000	Total as at 31 July 2016 £000
Payable during the year	96	251	347	383
Future minimum lease payments due:				
Not later than 1 year	91	233	324	341
Later than 1 year and not later than 5 years	55	122	177	302
Later than 5 years	5	-	5	5
Total lease payments due	<u>247</u>	<u>606</u>	<u>853</u>	<u>1,031</u>

28 Events after the reporting period

With effect from 1 August 2017, the St Andrews Superannuation & Life Assurance Scheme changed from being a final salary pension scheme to a career-average pension scheme. As a result liabilities have been reduced by £0.538million and this has been recognised as a curtailment gain in the income statement.

In August 2017 the University restructured part of its longer term borrowings by entering into a new arrangement with Northwestern Mutual. £37.0million was borrowed on 15 August 2017 and used to repay £30.0million of the debt and associated breakage fees on 17 August 2017. Repayment of the principal has been moved out by eleven years – completing in 2037 rather than 2026 – thus releasing cash into the University's extensive planned capital programme.

NOTES TO THE ACCOUNTS
As at 31 July 2017

29 Amounts disbursed as an agent
Consolidated and University

	Year ending 31 July 2017	Year ending 31 July 2016
Discretionary fund		
Income	£000	£000
Excess of income over spend at 1 August	-	-
Funding Council grants	387	350
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	387	350
Expenditure		
Disbursed to students	(348)	(301)
Transferred to Childcare Fund	(37)	(47)
Fund running cost	(2)	(2)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	(387)	(350)
Excess of income over expenditure at 31 July	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	-	-
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	£000	£000
Childcare fund		
Income		
Excess of income over spend at 1 August	-	-
Funding Council grants	-	-
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	-	-
Expenditure		
Disbursed to students	(37)	(47)
Transferred from Discretionary Fund	37	47
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	-	-
Excess of income over expenditure at 31 July	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	-	-
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

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.

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 particular with similar public bodies, 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 in which a member of Court may have an interest, including those identified below, have been conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

Organisation	Individual Court / Committee Member	Income £000	Expenditure £000	Debtor £000	Creditor £000
Pneumagen Ltd	Garry Taylor	286	-	-	-
Carnegie UK Trust	Sir John Elvidge	136	9	-	-

NOTES TO THE ACCOUNTS

As at 31 July 2017

31 Pension Schemes

The University contributes to two pension schemes for its staff:

- a) the Universities Superannuation Scheme (USS)
- b) the St Andrews University Superannuation & Life Assurance Scheme (S&LAS)

a) Universities Superannuation Scheme (U.S.S.)

The institution participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and therefore an expense is recognised in the income and expenditure account. At the end of the current financial year, the provision is £22.6million (note 22).

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure in accordance with section 28 of FRS102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the statement of income and expenditure is £10.0million (2015/16- £10.7million). This includes £1.0million (2015/16 - £0.9million) of outstanding contributions at the balance sheet date.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is currently underway.

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits.

NOTES TO THE ACCOUNTS
As at 31 July 2017

31 Pension Schemes (Cont'd)

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

	As at 31 July 2017	As at 31 July 2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

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

Male members' mortality 98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality 99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	As at 31 July 2017 Years	As at 31 July 2016 Years
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	As at 31 July 2017 £	As at 31 July 2016 £
Existing benefits		
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

b) 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 2015 and updated to 31 July 2017 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

NOTES TO THE ACCOUNTS
As at 31 July 2017

31 Pension Schemes (Cont'd)

Disclosure of principal assumptions	Year ended 31 July 2017	Year ended 31 July 2016	Year ended 31 July 2015
Rate of increase in salaries	1.70% ¹ 2.50% ³ 3.05% ⁴	2.50% ³ 2.65% ⁴ -	2.75% ² 3.10% ⁴ -
Pension increases (RPI max 9.00%)	3.10%	2.70%	3.10%
Pension increases (RPI max 2.50%)	2.05%	1.90%	2.10%
Discount Rate	2.55%	2.40%	3.80%
Inflation assumption (RPI)	3.05%	2.65%	3.10%
Inflation assumption (CPI)	2.05%	1.65%	2.10%

¹ for one year; ² for three years; ³ for two years; ⁴ 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 2017	As at 31 July 2016
Retiring today:	Years	Years
Males	21.7	21.8
Females	23.6	23.8
Retiring in 20 years:		
Males	23.1	23.5
Females	25.1	25.7

The table below shows the effect that changing the most significant assumptions at 31 July 2017 would have had on the defined benefit obligation.

	(Increase)/decrease in defined benefit obligation at 31 July 2017 £000
Increase of 0.25% in the discount rate	6,892
Decrease of 0.25% in the discount rate	(7,391)
Increase of 0.1% in inflation	(2,212)
Decrease of 0.1% in inflation	2,490
Increase of one year in life expectancy*	(4,255)

* Life expectancies would increase from 21.7 years to 22.7 years for a male currently aged 65, and from 23.1 years to 24.1 years for a male currently aged 45.

Each sensitivity above is considered in isolation and the same methodology is adopted for calculating the defined benefit obligation.

NOTES TO THE ACCOUNTS
As at 31 July 2017

31 Pension Schemes (Cont'd)

The fair value of the assets of the scheme are:

	Value at 31 July 2017 £000	Value at 31 July 2016 £000	Value at 31 July 2015 £000
Equities	41,986	44,374	38,212
Diversified Growth Fund	32,633	27,363	27,438
Property	6,710	10,784	10,132
Multi-Asset Credit Fund	18,095	11,947	11,685
Other	2,472	108	170
	<u>101,896</u>	<u>94,576</u>	<u>87,637</u>

The following amounts were measured in accordance with the requirements of FRS102:

	As at 31 July 2017 £000	As at 31 July 2016 £000
Total fair value of scheme assets	101,896	94,576
Present value of scheme liabilities	(140,163)	(135,001)
Deficit in scheme - Net pension liability	<u>(38,267)</u>	<u>(40,425)</u>

	As at 31 July 2017 £000	As at 31 July 2016 £000
Changes in the present value of the defined benefit assets		
Opening fair value of scheme assets	94,576	87,637
Interest income on scheme assets	2,274	3,343
Return on assets in excess of interest income on scheme assets	5,428	4,151
Contributions by employer	4,270	4,148
Contributions by members	96	90
Benefits paid	(3,989)	(4,067)
Admin expenses paid	(759)	(726)
Closing fair value of scheme assets	<u>101,896</u>	<u>94,576</u>

NOTES TO THE ACCOUNTS
As at 31 July 2017

31 Pension Schemes (Cont'd)

	As at 31 July 2017 £000	As at 31 July 2016 £000
Changes in the present value of the defined benefit liabilities		
Opening defined benefit liability	135,001	113,135
Current service cost	4,955	3,717
Interest Cost	3,255	4,320
Employee contributions	96	90
Actuarial losses – change in financial assumptions	3,483	23,240
Actuarial gains – change in demographic assumptions	(2,100)	(785)
Experience gain on benefit obligation	-	(4,649)
Benefits paid	(3,989)	(4,067)
Gain on curtailments	(538)	-
Closing defined benefit liability	140,163	135,001

Amounts charged to statement of consolidated income:

Current service cost	4,955	3,717
Administrative expenses	759	726
Gain on curtailment	(538)	-
Total operating charge	5,176	4,443

	As at 31 July 2017 £000	As at 31 July 2016 £000
Net finance charge on pension scheme		
Interest income on scheme assets	2,274	3,343
Interest on pension scheme liabilities	(3,255)	(4,320)
Net charge to other finance income	(981)	(977)

	Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
Analysis of other comprehensive income		
Gain on scheme assets	5,428	4,151
Experience gain arising on benefit obligation	-	4,649
Actuarial losses – change in financial assumptions	(3,483)	(23,240)
Actuarial gain – change in demographic assumptions	2,100	785
Total actuarial gain / (loss) recognised in SOCI&E	4,045	(13,655)

NOTES TO THE ACCOUNTS
As at 31 July 2017

31 Pension Schemes (Cont'd)

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

	Year ended 31 July 2017	Year ended 31 July 2016
	£000	£000
Deficit on scheme at 1 August	(40,425)	(25,498)
<i>Movement in year:</i>		
Current service cost	(4,955)	(3,717)
Administrative expenses	(759)	(726)
Contributions	4,270	4,148
Other finance charge	(981)	(977)
Actuarial gain / (loss)	4,045	(13,655)
Gain on curtailments	538	-
Deficit on scheme at 31 July	<u>(38,267)</u>	<u>(40,425)</u>

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

	Year ended 31 July 2017	Year ended 31 July 2016
	<u>20.23%</u>	<u>20.23%</u>

The estimated contribution to be paid to the scheme for the next accounting period is £2.906million. The employer's contribution to be paid next year is based on the current members of the scheme as at 31 July 2017.

History of experience gains and (losses)	2017	2016	2015	2014	2013
Difference between the expected and actual return on scheme assets					
Amount (£000)	5,428	4,151	5,551	(2,309)	7,690
Percentage of scheme assets	5.3%	4.4%	6.3%	2.9%	10.3%
Experience gains and losses on scheme liabilities					
Amount (£000)	-	4,649	-	(434)	900
Percentage of the present value of the scheme liabilities	-	3.4%	-	0.4%	1%

With effect from 1 August 2017, the scheme changed from a final salary pension scheme to a career-average pension scheme.