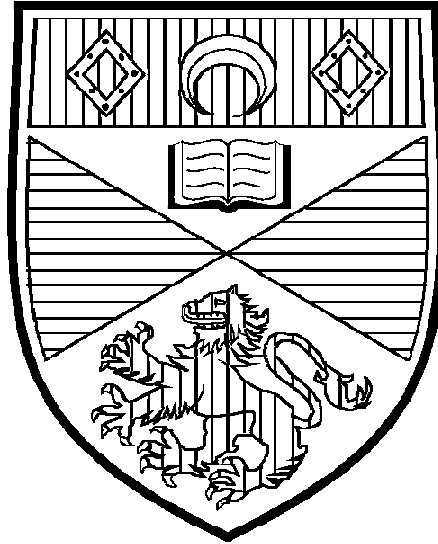


*Reports and Financial Statements
of the University Court
for the year to 31 July 2010*



University
of
St Andrews

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

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MEMBERSHIP OF COURT AND COMMITTEES

The Rector, President
Mr K. Dunion

Senior Governor, Vice-President
Mr E. Brown

The Principal
Dr L. Richardson

Deputy Principal
Professor C. Hawkesworth (from 1 October 2009)

The Chancellor's Assessor
Mr W. Berry (until 31 July 2010)
Dr D. Erdal (from 1 August 2010)

The Rector's Assessor
Mr J. Shield (from 1 July 2009 until 1 May 2010)
Ms A. Litherland (from 31 May 2010)

Fife Council, Provost of Fife
Cllr. P. Grant

Assessors of the General Council
Mr E. Brown
Miss K.M. Patrick

Assessors of the Senatus Academicus
Professor R. Crawford
Professor A. Mackenzie
Dr C.E. Whitehead
Dr S. Whiten

Non-Teaching Staff Member
Dr A. Sandeman

Student Representatives
Mr A. Keenan, *President* (until 30 June 2010)
Miss G. Rannard *Director of Representation* (until 30 June 2010)
Mr O. Wilton, *President* (from 1 July 2010)
Ms S. Parker *Director of Representation* (from 1 July 2010)

Non Executive Members

Sir A. Bagnall	Mr M. Jones
Mrs A.K. Blair	Rev Dr M. MacLean
Dr N.M. Bryson	Mrs C. Potter (until 31 July 2010)
Mr P.P. Cabrelli	Dr M. Popple (from 1 August 2010)
Dr D. Erdal (from 16 October 2009 until 31 July 2010)	

Clerk of the Court
Mrs L. E. Fraser (until 16 October 2009)

Replaced by:
Secretary of the Court
Professor R. A. Piper (from 16 October 2009)

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Status</i>
ACADEMIC AUDIT COMMITTEE	
Note: Committee was replaced on 30 November 2009	
Dr S. Whiten	Senate Assessor on Court
The Vice-Principal (Learning & Teaching)	<i>ex officio</i>
Provost	<i>ex officio</i>
The Dean of Arts	<i>ex officio</i>
The Dean of Science	<i>ex officio</i>
Director of Representation, Students' Association	<i>ex officio</i>
Professor A. Mackenzie	Senate Assessor on Court
Professor A. Nolan (from 7 October 2009)	External Assessor
<i>Secretary: Director of Quality Assurance</i>	

AUDIT COMMITTEE (AUDIT & RISK COMMITTEE from 1 December 2009)

Dr N. M. Bryson (Convener)	Non-executive member
Mrs A. Kay Blair (from 1 December 2009)	Non-executive member
Mr P. Cabrelli (from 1 December 2009)	Non-executive member
Rev Dr M. MacLean (until 30 November 2009)	Non-executive member
Miss K.M. Patrick	Non-executive member
Dr M. Popple	Court nominee
Mr W.J. Sutherland	Court nominee
Director of Representation, Students' Association	<i>ex officio</i>
<i>Secretary: Executive Officer to Court</i>	

GOVERNANCE & NOMINATIONS COMMITTEE

Sir Brian Ivory (Convener)	External convener
Senior Governor	<i>ex officio</i>
The Principal	<i>ex officio</i>
President of the Students' Association	<i>ex officio</i>
Mr W. Berry (from 1 December 2009 to 31 July 2010)	Chancellor's Assessor
Mr P.P. Cabrelli (until 30 November 2009)	Non-executive member
Professor R. Crawford (until 30 November 2009)	Member of Court
Rev Dr M. MacLean (until 30 November 2009)	Non-executive member
Miss K. Patrick (from 1 December 2009)	Non-executive member
Dr A. Sandeman (from 1 August 2010)	Member of Court
Dr C. Whitehead	Member of Court
<i>Secretary: Executive Officer to Court</i>	

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Status</i>
HEALTH AND SAFETY COMMITTEE	
Note: Committee was replaced on 30 November 2009	
Sir A. Bagnall (Convener)	Non-executive member
Vice-Principal (Governance & Planning)	<i>ex officio</i>
Director of Services, Students' Association	<i>ex officio</i>
Director of Estates	<i>ex officio</i>
Councillor P. Grant	Non-executive member
Dr J. Ball	AUT nominee
Mrs M.B. Parker	AMICUS nominee
Mr R. Dittrich	UNISON nominee
Professor R. Crawford	Member of Court
<i>Secretary: Deputy Director of EHSS</i>	
INVESTMENT AND COLLECTIONS COMMITTEE	
Note: Committee was replaced on 30 November 2009	
Mr M. Jones (Convener)	Non-executive Member
The Principal	<i>ex officio</i>
The Quaestor & Factor	<i>ex officio</i>
The President, Students' Association	<i>ex officio</i>
Professor E. Brown	Senior Governor
Mr A. Harden	Non-executive member
Mr W. Berry	Chancellor's Assessor
Dr N. Bryson	Non-executive member
Miss K. M. Patrick	Non-executive member
<i>Secretary: Assistant Director of Finance</i>	
PLANNING AND RESOURCES COMMITTEE	
The Senior Governor (Convener)	<i>ex officio</i>
The Principal	<i>ex officio</i>
The Deputy Principal	<i>ex officio</i>
The Quaestor & Factor (from 1 December 2009)	<i>ex officio</i>
The Dean of Arts (until 30 November 2009)	<i>ex officio</i>
The Dean of Science (until 30 November 2009)	<i>ex officio</i>
Convener, Investment & Collections Committee (until 30 November 2009)	<i>ex officio</i>
Convener, Staff Committee (until 30 November 2009)	<i>ex officio</i>
Convener, Student Committee (until 30 November 2009)	<i>ex officio</i>
President, Students' Association	<i>ex officio</i>
Mr M. Jones	Non-executive member
Sir A. Bagnall (until 30 November 2009)	Non-executive member
Rev Dr M. MacLean (from 1 December 2009)	Non-executive member
Mrs C. Potter (until 31 July 2010)	Non-executive member
Dr D. Erdal (from 1 August 2010)	Non-executive member
Professor D.M Paterson (until 30 November 2009)	Senate electee
Professor S.J. Broadie (until 30 November 2009)	Senate electee
Professor R. Crawford (from 1 December 2009)	Senate electee
Professor A. Mackenzie (from 1 December 2009)	Senate electee
<i>Secretary: Executive Officer to Court</i>	

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Status</i>
REMUNERATION COMMITTEE (REMUNERATION & HUMAN RESOURCES COMMITTEE from 1 December 2009)	
Senior Governor (Convener)	<i>ex officio</i>
The Principal ¹	<i>ex officio</i>
The Convener of the Staff Committee (until 30 November 2009)	<i>ex officio</i>
Sir A. Bagnall	Non-executive member
Miss K.M. Patrick (until 30 November 2009)	Non-executive member
Mr M. Jones (until 30 November 2009)	Non-executive member
Dr N. Bryson (from 1 December 2009)	Non-executive member
Mr P. Cabrelli (from 1 December 2009)	Non-executive member
<i>Secretary: Director of Human Resources</i>	

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

STAFF COMMITTEE

Note: Committee was replaced on 30 November 2009

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

STUDENT COMMITTEE

Note: Committee was replaced on 30 November 2009

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

REPORT OF THE UNIVERSITY COURT

Preparation of the financial statements

The financial statements for the year to 31 July 2010 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Scottish Funding Council's (SFC) Accounts Direction. As noted in the statement of principal accounting policies on page 21, the financial statements have been prepared on a historical cost basis as modified by the revaluation of listed and endowment asset investments.

Results for the year

The University's income increased by 6% to £155.8million with the surplus for the year rising from £4.5million to £4.9million. The surplus on operations, excluding losses on disposal of fixed assets and exceptional impairment, increased by 42% from £4.5million to £6.4million and represented around 4.1% of total income. This satisfactory outcome was achieved against a backdrop of worsening recessionary pressures within the UK economy.

Grants received from the SFC were £41.7million, representing 26.7% of total income and down from 28.2% in the previous year. This fall in the proportion of funding from the SFC reflects the University's ability to leverage income from other sources from the base of government funding. During the year, the University commissioned an independent review of the economic value of the University. This showed that the impact of the University is worth just over £305million Gross Value Added (GVA) to the Scottish Economy and evidenced that for every £1 of investment in the University from the SFC, the University generates GVA for the Scottish Economy of around £7.50. In navigating the tough times ahead for public spending, the University would expect that in making the necessary difficult decisions, the Scottish Government will recognise this significant direct benefit to the Scottish Economy.

Tuition Fees grew by 16.2% to £45.9million, reflecting the growth in overseas undergraduates to compensate for the restricted levels of home undergraduate numbers funded by the SFC. There was also increased demand for the higher level of skills and knowledge provided by the University's post graduate teaching courses. This increased demand for the higher level skills required by the economy came as much from the UK as international markets.

Income from research grants increased by 2% to £36.6million as a result of increasing success in previous years growth in grant awards from a range of funders. During the year the level of grant awards further increased to £50.2million including some large one-off awards. The achievement of these awards provides further evidence of progress within research with the quality of our staff gaining entry to funding rounds which previously would have been beyond the University's reach and is a positive indicator of future prospects. The University's research strengths focus mainly on pure research, generating the basic knowledge which provides the platform for future applied research. Such research, which is essential for the long term success of the economy, is dependent largely on Government funding sources provided either through UK Research Councils, Government Departments & Agencies or the EU. The University expects the funding environment for its research grant activity to become more difficult in the coming years as public spending levels are reduced. However, the University believes that if awards continue to be made on a fair and competitive basis, it will continue to make progress.

Other income increased by £3.4million (13%) to just over £30million. This represents growth in a number of areas including the hosting of the Open Golf Championships in St Andrews this year, which provides a financial benefit to the University's residential income. It also reflects the University's activities in commercialising its intellectual property and know-how.

REPORT OF THE UNIVERSITY COURT

Endowment income, which is used largely to support widening access through the funding of scholarships, remained constrained as equity markets remained relatively weak. Income from cash deposits reflected the continuing record low in interest rates around the globe. In aggregate there was a reduction of income of around £2million in the year.

Pay costs continue to be the largest area of expenditure for the University, accounting for just over £90million, or 58% of income. The increase of £5.5million from the previous year came from a combination of a cost of living uplift of 0.5% a further 2% incremental drift and the impact of an increase in the employers' contribution to the USS pension scheme from 16% of salary to 18% in October 2009. There was also some carefully targeted growth in investment in a number of staff areas to support increased income generation and service improvements.

Other operating expenses increased by £1.8million (4%) to £47.5million. Energy costs have been an uncomfortable feature of the University's costs in recent years due to the ongoing escalation in global oil prices. In the past year recessionary pressures caused this price to fall. Unfortunately the full benefit of this was not realised due to the particularly severe weather conditions which were experienced in the winter months.

In light of the impending reductions in public spending and in order to address more promptly the concerns of students, the University chose to move forward with an accelerated programme of works of improvement for the main library. This will deliver better environmental conditions, increased levels of study space and substantially more funding for the maintenance of the library collection. The physical works will commence in the summer of 2011 and will be largely complete for the start of the 2012 academic session. This decision resulted in an exceptional impairment of £1.313million which relates to most of the design costs for the previous, substantially larger scheme which would not have started until the summer of 2012 at the earliest, and which did not provide for substantial additional investment in the library collection.

The University's local pension scheme (S&LAS) is reporting an FRS17 pensions deficit as at 31 July 2010 of £21.6million, reflecting a modest improvement in the year of £0.4million. During the year, the Trustees of the scheme had a full Actuarial Revaluation carried out. This showed a deficit at 31 July 2009 of £26.7million (using different assumptions from the FRS17 basis), reflecting a worsening of the position from the previous actuarial valuation. The University has agreed a recovery plan with the Trustees to address this.

Academic and academic-related staff are members of the national USS pension scheme which is in substantial deficit. However, because of the structure of the scheme, individual universities are not able to include their respective shares of that deficit on their balance sheets. Along with many other UK universities, St Andrews is pressing for changes to the USS scheme that will be fair and affordable.

During the year the consolidated balance sheet value increased by £15million to £120million. Significant growth in Tangible Fixed Assets of around £25million, reflecting the University's continued investment in its infrastructure was offset by a reduction in net current assets of £13million (to fund investment). Other movements on the balance sheet saw Endowment Assets grow by around £2.2million (7% to £34million). The movement from net current assets into net current liabilities was due to the non-receipt of a significant donation, pledged in 2006, towards the costs of the new Medical School building.

REPORT OF THE UNIVERSITY COURT

Key Performance Indicators

The University measures its performance in all areas relative to a set of Key Performance Indicators (KPIs). The University Court initially developed a range of KPIs during 2008 and there have been subsequent refinements to ensure they are useful and meaningful to both Court and management in highlighting the key elements of successful University performance, the factors which drive such performance and the areas where management action is required. The indicators which address Research and Knowledge Transfer, Learning and Teaching, Student Experience, Staff, Organisational Efficiency, Estate and Financial Health are proving a useful Governance tool.

Research and Knowledge Transfer – The University continues to progress in research terms. Preparations are now underway for the Research Excellence Framework (REF) with an effective date in late 2013. These preparations include the installation of a new IT system which will assist the University and individual Principal Investigators to record and track information relating to individual publications. Research Grant throughput increased by 2% and Research Grant Awards grew by 25%.

Learning and Teaching – The University continues to see an increase in the quality of its entrant students with a rise in the level of UCAS tariff points. The University now attracts 11 applications for each Home/EU funded place and record numbers of applicants from around the globe thus providing external validation of the standing of the learning and teaching opportunities that are offered. Particular growth in demand has been evident for Post Graduate Taught programmes from the home as well as overseas market as an increasing number of university graduates seek the higher masters level qualifications required to meet the current and future needs of employers.

Student Experience – The University believes that an excellent student experience is critically important for its continued success. Continued and repeated success in the National Student Survey where St Andrews was assessed as the best mainstream University in the UK for the 4th year in succession validates the success of the University in this area. The University continues to grow the amount of resources available for scholarship funding to further improve access opportunities for able students.

Organisational Efficiency – The University strives to make efficient use of the resources available to it. This need for efficiency is even more keenly felt in financially difficult times. During the year, the University consolidated many of the productivity gains of the previous year and is working to deliver increased efficiency in the year ahead in order to maintain the quality of services provided.

Estate – In taking forward a broad agenda of activities, the University recognises that it has an infrastructure which was designed for a much smaller student body and which has suffered in the past from under investment. The University's Estate Strategy aims to bring all of its physical infrastructure to, and maintain it at, a level required to support its services. In the period since 2006 the cost of the University's backlog maintenance has been reduced from £58million to around £36million. The University aims to continue to reduce this outstanding liability but recognises that the rate of improvement will be affected by the current funding situation.

Financial Health – The University's Financial Strategy sets out basic financial goals covering efficiency, liquidity, borrowing levels and surplus generation. They are designed to ensure that the University remains financially stable and sustainable in its liquidity and in the generation of sufficient funds to support new infrastructure and ongoing maintenance. The University is broadly achieving its targets and is committed to a programme of fund-raising from alumni, other individuals, trusts and companies. On surplus generation, significant progress has been made in the last two years, with an operational surplus, excluding losses on disposal of fixed assets and exceptional impairment, in the year equivalent to 4.1% of turnover, up from 0.9% and 3.1% in the last two years. The target for the

REPORT OF THE UNIVERSITY COURT

University remains at 5% of turnover in order to sustain the level of ongoing investment required in the longer term.

Achievements of the year

The University continues to achieve major successes in published league tables maintaining its position as being recognised among the top 5 in the UK and the top University in Scotland. Much of this is due to the enormous commitment of staff throughout the University to achieve excellence in a highly competitive market.

In learning and teaching, the University continues to perform well, as evidenced by very strong demand with continuing excessive demand for entrance alongside rising entrant requirements and in nationally published satisfaction indicators. The University is well prepared for an Enhancement Led Institutional Review (ELIR), which will take place in the coming year, with increased academic standards in the earlier years of a student's experience and increased use of electronic systems for making learning materials available online; together with attendant efficiencies leading towards better standards and improved student satisfaction.

The University has responded to the results of the 2008 Research Assessment Exercise (RAE) with targeted appointments in key academic areas, designed as part of a strategy to improve the University's performance for the REF which will replace the RAE in 2013.

To enhance the transfer of its knowledge to industry and the wider community, the University has entered into the St Andrews Entrepreneurial Partnership. This will bring entrepreneurs into contact with academics and spark new ideas for the commercial application of intellectual property and knowhow. The objective is to transfer more of the University's acquired knowledge into Scottish SMEs, generating economic activity and benefit for all involved. The University has also continued to actively develop its own spin-out companies, especially in support of the domestic renewables industry.

Operational performance in the year has been strong. The University has made significant strides in recent years in rectifying the impact of decades of under-investment in its estate. Although this progress has been made, it is likely that the rate of improvement will slow in the coming period as the University focuses on maintaining the quality of services through difficult financial times.

In driving operational efficiency the University Court has also reviewed its own effectiveness and efficiency. This resulted in the overhaul of the governance structures and the streamlining of formal University Committees from 11 to 4, with an emphasis on supporting management in good decision making. These remaining committees are supported by a small number of Assurance Groups in specialist areas to give advice to management while reporting directly to their main committees. These changes are outlined more fully in the Corporate Governance section of these statements which can be found on Page 12.

People

As already highlighted, the University's success is based on the enthusiasm and dedication of its staff – the talent of its academic staff and the ability and professionalism of its support staff working throughout its Schools and Units. It is clear that the University's funding from public sources will come under significant pressure which will necessitate reduced spending. The University remains committed to working with its staff to strive for excellence and further enhance the reputation of the University.

REPORT OF THE UNIVERSITY COURT

The University recognises the importance of the whole of the University community to its continued success. The students are a vital part of that community and the effective partnership working that is in place with students on a wide variety of issues on academic, support and extra-curricular activities is an essential element in maintaining and enhancing the success of the whole community. The University takes great pride in what its students achieve - academically and through their very extensive charitable and voluntary activities.

The University thanks the members of the University Court who contribute their extensive experience and skills without remuneration. They ensure strong governance of the University by providing an appropriate mix of support to management and necessary challenge.

Looking forward

In 2008 the world changed dramatically with the near collapse of the global financial system. Although parts of the UK economy are starting to emerge from recession, the publicly funded parts of the economy are about to face their recession and the universities will be required to bear their share. The University, which focuses on excellence in its research and teaching, remains of the view that this strategy, coupled with the continuing demand from funders for what the University provides, is the right one for the future.

The University has played an important role in Scottish life for almost 600 years and its graduates continue to achieve distinction in many disciplines and in many parts of the world. The University will be seeking, as it has done in the past, to come through the present uncertainties stronger and fitter. It will continue to demonstrate to all its stakeholders, including Government that it makes a valuable contribution to the local and national economies and will not be deflected from the long term path of excellence by short term factors.

Ewan Brown
Senior Governor
College Gate
St Andrews

15 October 2010

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

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

- clear definitions of the responsibilities of, and the authority delegated to staff;
- a comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;

RESPONSIBILITIES OF COURT

- regular reviews of financial performance, including updates of forecast out turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court and promulgated in the Standing Financial Instructions;
- comprehensive Financial Regulations, detailing financial controls approved by Court on the recommendation of the Planning & Resources Committee;
- an Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by Court providing Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control;
- an Audit & Risk Committee whose terms of reference are laid along with all Court Committees and which are summarised on pages 13 & 14.

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

CORPORATE GOVERNANCE

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

In the opinion of Court, the University complies with most of the principles of the Combined Code (amended as outlined above), in so far as they apply to the higher education sector, and it has complied with such principles throughout the year ended 31 July 2010. There is divergence between University practice and the combined code, however, in the following two areas:

- Chairmanship of Court - Meetings of Court are presided over by the Rector, an elected representative of the students, in terms of the Universities (Scotland) Act 1889, section 5(5). Accordingly, the University cannot comply with best practice with regard to Chairmanship of Court. The University has, however, with the full consent of the Rector, instituted an arrangement for the election of one of the non-executive members of Court to act as 'Senior Governor'. The Senior Governor leads Court on all items of business associated with policy and resources and for such other matters as the University may be held accountable to the SFC. In addition, the Senior Governor is responsible for the appraisal and review of Court members and the Principal. The Senior Governor is elected by Court and thus has the support of the governing body as a whole in fulfilling these roles as well as engaging directly with SFC and the Scottish Government as appropriate. The SFC reviewed this governance arrangement in session 2008/09 and reported that it was satisfied with the procedure.
- Term of Office – Elected and appointed members of Court normally have a term of office not exceeding four years. This compares with the Combined Code principle of three-year terms of office.

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

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

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

CORPORATE GOVERNANCE

Court met five times during the year ended 31 July 2010. Court has a number of committees with particular areas of responsibility, and its committee structure was subject to a substantial review to improve Court effectiveness in session 2009-10. As a result there are now four committees of Court – reduced from eleven in prior years. The decisions and recommendations of these committees are formally reported to Court. The Court also operates an assurance scheme whereby areas of responsibility previous covered by Court Committees are governed by a number of smaller Assurance Groups, each with a reporting line to a parent committee. The committees and assurance groups are:

Committee	Related Assurance Group
Audit & Risk Committee	Academic Audit 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 <http://www.st-andrews.ac.uk/about/UniversityCourt/Handbookformembers/> Membership of committees is disclosed on pages 1-4. In addition, the University Court receives regular reports from the University's Superannuation & Life Assurance Scheme, the chair of whose trustees is an appointed member of Court.

The **Audit & Risk Committee** consists of non-executive members of Court supplemented by additional co-opted expert external non executive members to assist it in its role. The Committee reviews the audit of the University's annual financial statements and keeps under review (a) policies, procedures and regulations in respect of the University's assets (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, and Value for Money review, of the affairs of the University and of those companies controlled by Court. In this capacity it receives reports from the internal and external auditors. As noted above, it also has responsibility for monitoring risk and receives regular reports from the University's Risk Management Group. Whilst senior executives attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee; and the Committee has the opportunity to meet with the internal or external auditors in the absence of University staff. The Convener of the Audit & Risk Committee is accountable to Court for conducting the annual performance appraisal of the Senior Governor. Three Assurance Groups report to Audit & Risk Committee.

- The Academic Audit Assurance Group oversees the implementation, management and monitoring of the University's quality enhancement strategy; advises Senate on changes to the University's academic audit 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 and Safety Services concerning the management of all areas of health and safety at work, including occupational health, radiation hazards, biological and chemical hazards and fire safety. In addition, the Group considers, as required, reports from Inspectors of enforcing authorities under health and safety legislation, reports from the University's insurance brokers and reports from the Trade Union safety representatives. The Group agrees programmes for health and safety audits and ensures that recommended action is taken efficiently and effectively. Through the Audit & Risk

CORPORATE GOVERNANCE

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

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

The **Planning & Resources Committee** (PARC) reviews the annual budget and financial forecasts of the University, and the levels of residential and other fees charged to students; reviews regularly during the year actual income and expenditure as compared with budgeted levels; monitors the level and cost of the University's borrowings and the extent of other liabilities; and reviews and makes recommendations on individual financial decisions which due to their size or nature are reserved for Court. It is also empowered to take individual financial decisions in accordance with limits prescribed in the Standing Financial Instructions. In respect of its strategic planning and development responsibilities, Court receives recommendations and advice from PARC. PARC also keeps under review and reports to Court on the University's external fundraising. PARC is chaired by the Senior Governor; it includes in its membership the non-executive Court member who convenes the Investment & Treasury Assurance Group. One Assurance Group reports to PARC.

- The Investment & Treasury Assurance Group is charged with ensuring that appropriate and effective decisions are taken with regard to the investment and holding of funds under the University's management and that these activities are conducted with due regard to the University's investment policy and management of risk. It conducts regular reviews of the general investment policy of the University and within the context of that policy monitors the performance of (i) the University's investment advisers, (ii) the investment portfolio(s) under their management and (iii) University investments not under the management of the investment advisers. It reviews and makes changes in the appointment of the University's investment and treasury advisers and takes decisions in relation to the general nature or distribution of the investment portfolio and holdings, reporting as appropriate to PARC.

The **Remuneration & Human Resources Committee** ensures that the University's responsibilities as an employer are being properly managed and approves remuneration arrangements for University staff above defined thresholds. It receives, considers and approves the recommendations of the Principal in relation to the remuneration of all staff whose salary progression does not represent standard progression with regard to a recognised salary scale; receives and considers information from the Principal on all severance arrangements and approves the recommendations of the Principal on specific arrangements which involve University expenditure in excess of £80,000; determines, through its non executive members, the remuneration of the Principal; and takes a general overview of all of the above, or any related, matters in order to ensure the exercise of appropriate financial control and of reasonable employer behaviour in remuneration or severance arrangements. More widely with regard to University staff, the Committee also receives, reviews, approves and monitors the University's strategic objectives in respect of its staff; considers, encourages and reviews the effectiveness of staff policy initiatives; reviews the effectiveness and performance of the Human Resources activities and monitors compliance

CORPORATE GOVERNANCE

and risk management with respect to employment law and practice. The promotion of equality opportunities throughout the University also falls within its remit.

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

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

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

Payment of creditors

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 27.6 days (2008/09: 28.7 days).

Equal Opportunities Policy

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

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

Ronald A Piper
Vice-Principal (Governance & Planning)
College Gate
St Andrews
15 October 2010

CORPORATE SUSTAINABILITY REPORT

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

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

During the year the new Medical Building which opened in June 2010 achieved an 'Excellent' award from the Building Research Establishment to recognise the low carbon design standards that have been incorporated within its design and operation. This standard of excellence is now applied as a minimum target to our major developments and will include the new Fife Park/David Russell blocks and the Biomolecular Sciences Research Centre currently under construction.

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

Utilities

The University's consumption of gas and electricity has increased during the year by 9%. This increase has been driven by an increase in the University's estate, with new buildings such as the Medical & Biological Sciences Building, the Old Burgh School and the new Library Store becoming operational. The increased consumption also reflected the impact of a particularly severe winter period which placed additional demands on heating systems across the University. When these additional burdens are taken into account, the University's underlying consumption stabilised, in a large part through its investment in efficient energy technology and insulation, partly funded by the SALIX programme through which the University reinvests savings generated through energy efficiency in further schemes to further reduce the University's carbon footprint. Under this programme the University has committed to investments which should produce annual carbon savings of 1,000 tonnes.

The University has reduced its water consumption by 26% compared to 2008, as a result of investment in better controls and improvements to the internal pipe network.

Renewable Energy

The University has continued its consultation with the local community in the Boarhills and Kingsbarns area regarding the development of a 12MW wind farm. A wind monitoring mast erected in September 2009 has enabled the University to accurately determine the wind potential of the site which is favourable. Two public open meetings were held in June 2010 to inform the communities on proposed turbine layouts and enable the public to ask questions about the proposals. Feedback obtained from the meetings is being acted on and the University has started work on an Environmental Impact Assessment.

The University committed to the purchase of a former papermill in the nearby town of Guardbridge. This site, amongst a range of other things, will be used to accommodate a low carbon energy generation scheme to create hot water and electricity from a system of biomass boilers, probably fuelled by wood. The scheme would source timber from sustainable sources and distribute the hot water and electricity generated to the North Haugh area in the first instance, reducing the energy costs by up to 50%.

CORPORATE SUSTAINABILITY REPORT

Solar Thermal panels that provide hot water have been installed at New Hall, the new Medical & Biological Sciences Building and at the new blocks at David Russell Apartments (DRA) during the period. These panels complement the existing solar installation at Scott Block at DRA and the solar photovoltaic panels at the Museum of the University of St Andrews.

Other Activities

- The amount of waste recycled has reached a high of 65%. Despite a higher proportion of water being recycled, the overall volume of waste has risen, though this in part is attributable to the inclusion of waste arising from non University student accommodation, especially at the end of the term.
- Greater emphasis continues to be placed on re-use of waste on site and composting, particularly with regard to food waste arising from the halls of residence.
- For construction waste, each new build and major refurbishment project also adopts a minimum recycling rate of 75% of site arisings.
- The St Andrews Prize for the Environment continues to act as an exemplar environmental initiative which recognises significant contributions to environmental conservation. The prize has attracted entries from more than 50 countries each year since its launch, on topics as diverse as: sustainable development in the Amazon rainforest, urban re-generation, recycling, health and water issues, and renewable energy. Last year the prize was awarded to a team who developed an innovative method of removing arsenic from ground water without using chemicals. This method has been used to tackle significant problems in West Bengal and operations have been established in six rural areas which now supply clean, arsenic-free water to the local communities.
- The University continues to organise and carry out its Community Beach Clean programme as part of its efforts to engage more widely with the local community.

Teaching and Research in Sustainable Development

Sustainable Development teaching and research activities at the University of St Andrews have continued to develop. In particular, this year saw the first cohort of students enrolled in the post graduate MSc degree in Sustainable Development. The postgraduate degree is modelled on the undergraduate degree and all its core modules are inter-disciplinary in nature with student interest from around the world.

Collaborative activities fostered by the St Andrews Sustainability Institute this year continue to develop a range of issues with applications in a variety of spheres, drawing on academic expertise from a range of disciplines.

Sustainable Investment

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

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

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

CORPORATE SUSTAINABILITY REPORT

Although the financial performance of the fund over the last year has been disappointing, the volatility of the markets presented an exceptionally difficult operating environment.

Student Charity Work

The University's students continued their long tradition of charitable fundraising, volunteering and "green" campaigning.

Student groups raised well over £100,000 for charities such as Amnesty International, PEN, Médecins Sans Frontières (MSF), and many others. Of the 120+ affiliated student societies of the Students Association, most partake in fundraising events or activities throughout the academic year, bringing general awareness of worthy causes into the daily lives of St Andrews staff and students.

As well as such activities, the Association's dedicated Charities Campaign exists to fundraise throughout the year with ventures including sponsored hitchhikes in Europe, a Raising and Giving week (RAG), and local fun run. In recent years the Campaign has raised as much as £80,000.

Additionally students continue to engage in a very large variety of charitable and voluntary activities. Although many of these activities are centred on St Andrews and Fife, with a recent growth in 'Town and Gown' events, there is also significant time given to support activities elsewhere in Scotland and abroad, such as Project Zambia which saw a team of staff and students working in schools and orphanages during the summer in disadvantaged areas of Zambia.

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

In the coming year, the Students' Association anticipates working with the University on increased ethical awareness, scholarships for students from warzones and disaster areas, affordable accommodation, improved access to education, and community outreach, amongst many other initiatives. The Students' Association Sustainability Officer will be producing a "Green Guide", which will offer all students advice on sustainable practices.

**Derek Watson
Quaestor & Factor
College Gate
St Andrews
15 October 2010**

We have audited the Consolidated and University financial statements for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated and University Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Court and Auditors

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

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University and of the Group as at 31 July 2010, and of the surplus of the Group's income over expenditure and the Group's cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- funds from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have, in all material respects, been applied only for the purposes for which they were received; and
- income has, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992 and, where appropriate, with the Financial Memorandum dated 1 January 2006 with the Scottish Funding Council.

Ernst & Young LLP
Registered auditor
Glasgow

15 October 2010

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

Statement of Principal Accounting Policies

Basis of preparation

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

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

While the Balance Sheet shows net current liabilities, the University believes that it will continue to generate sufficient cash to continue to meet its current liabilities as they fall due.

Basis of consolidation

The consolidated financial statements include the University and all material subsidiary undertakings as listed in the notes to the accounts for the financial year to 31 July 2010. Intra-group transactions are eliminated on consolidation. The activities of the Students' Association have not been consolidated as the University does not control these activities.

Recognition of income

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

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

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

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

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

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

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

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

Agency arrangements

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

Leases and hire purchase contracts

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

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

Taxation

The University of St. Andrews is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

classified as an asset on the balance sheet. Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account.

Land and buildings

Land and buildings are stated at historic cost.

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

Depreciation

Freehold land is not depreciated.

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

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

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

Donated Assets

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

Acquisition with the aid of specific grants

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

Repairs and maintenance

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

Equipment

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

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

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

Investments

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

Stocks

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

Cash Flows and Liquid Resources

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

Foreign currencies

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

Financial Instruments

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

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

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

Donations for fixed assets

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

Gifts in kind

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

Retirement benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

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

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

Provisions

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

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

University Collections and Heritage Assets

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2010

	Notes	Consolidated Year ended 31 July 2010	Consolidated Year ended 31 July 2009
		£000	£000
INCOME			
Funding council grants	1	41,668	41,541
Tuition fees and education contracts	2	45,927	39,505
Research grants and contracts	3	36,551	35,774
Other income	4	30,251	26,838
Endowment & investment income	5	1,391	3,403
Total income		155,788	147,061
EXPENDITURE			
Staff costs	6	90,333	84,852
Other operating expenses		47,484	45,717
Depreciation	9	8,598	8,518
Interest and other finance costs	7	3,432	4,086
Total expenditure	8	149,847	143,173
Operating surplus after depreciation of tangible assets and before exceptional impairment		5,941	3,888
Exceptional impairment	8	(1,313)	0
Operating surplus after depreciation of tangible assets and exceptional impairment		4,628	3,888
Loss on disposal of fixed assets		(185)	(27)
Surplus on continuing operations after depreciation of assets, exceptional impairment, disposal of assets and taxation		4,443	3,861
Surplus for the year transferred to accumulated income in endowment funds	19	489	619
Surplus for the year retained within general reserves	20	4,932	4,480

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2010

	Notes	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Surplus on continuing operations after depreciation of assets, exceptional impairment, disposal of assets and taxation		4,443	3,861
Appreciation of endowment assets	19	1,947	(2,575)
New endowments	19	709	344
Revaluation of fixed asset investment	20	102	0
Actuarial loss in respect of pension schemes	32	(110)	(3,230)
Total recognised gains /(losses) relating to the year		<u>7,091</u>	<u>(1,600)</u>
 Reconciliation			
Opening reserves and endowments as previously reported		<u>59,682</u>	<u>61,282</u>
Total recognised gains / (losses) relating to the year		<u>7,091</u>	<u>(1,600)</u>
Closing reserves and endowments		<u><u>66,773</u></u>	<u><u>59,682</u></u>

BALANCE SHEETS
As at 31 July 2010

	Notes	Year ended 31 July 2010		Year ended 31 July 2009	
		Consolidated	University	Consolidated	University
Fixed assets		£000	£000	£000	£000
Tangible Assets	9	207,480	201,957	182,402	176,981
Investments	10	737	2,453	233	1,527
		<u>208,217</u>	<u>204,410</u>	<u>182,635</u>	<u>178,508</u>
Endowment assets	11	<u>34,091</u>	<u>34,091</u>	<u>31,924</u>	<u>31,924</u>
Current assets					
Stock	12	512	487	501	464
Debtors	13	14,570	18,211	11,843	15,948
Investments	14	0	0	8,044	8,044
Cash at bank and in hand	26	15,102	14,778	21,730	21,295
		<u>30,184</u>	<u>33,476</u>	<u>42,118</u>	<u>45,751</u>
Less: Creditors : amounts falling due within one year	15	<u>(38,187)</u>	<u>(39,403)</u>	<u>(37,116)</u>	<u>(38,451)</u>
Net current (liabilities)/assets		<u>(8,003)</u>	<u>(5,927)</u>	<u>5,002</u>	<u>7,300</u>
Total assets less current liabilities		234,305	232,574	219,561	217,732
Less: Creditors: amounts falling due after more than one year	16	(92,278)	(92,183)	(92,227)	(92,132)
Less: Provision for liabilities	17	(165)	(165)	(154)	(154)
Net assets excluding pension liability		<u>141,862</u>	<u>140,226</u>	<u>127,180</u>	<u>125,446</u>
Net pension liability	32	<u>(21,660)</u>	<u>(21,660)</u>	<u>(22,010)</u>	<u>(22,010)</u>
Total net assets including pension liability		<u>120,202</u>	<u>118,566</u>	<u>105,170</u>	<u>103,436</u>
Deferred capital grants	18	<u>53,429</u>	<u>53,041</u>	<u>45,488</u>	<u>45,090</u>
Endowments					
Expendable	19	796	796	480	480
Permanent	19	33,295	33,295	31,444	31,444
		<u>34,091</u>	<u>34,091</u>	<u>31,924</u>	<u>31,924</u>
Reserves					
Income and expenditure account excluding pension reserve	20	54,240	52,992	49,768	48,432
Pension reserve	32	<u>(21,660)</u>	<u>(21,660)</u>	<u>(22,010)</u>	<u>(22,010)</u>
Income and expenditure account including pension reserve		32,580	31,332	27,758	26,422
Revaluation Reserve	20	102	102	0	0
		<u>32,682</u>	<u>31,434</u>	<u>27,758</u>	<u>26,422</u>
TOTAL FUNDS		<u>120,202</u>	<u>118,566</u>	<u>105,170</u>	<u>103,436</u>

Approved by the University Court of the University of St. Andrews on 15 October 2010 and signed on its behalf by:

Dr Louise Richardson, Principal and Vice-Chancellor

Ewan Brown, Senior Governor

Derek A. Watson, Quaestor and Factor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2010

	Notes	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Cash flow from operating activities	21	13,833	17,773
Returns on investments and servicing of finance	22	(3,170)	(1,157)
Capital expenditure and financial investment	23	(24,919)	(36,442)
Management of liquid resources	24	8,044	17,196
Financing	25	0	871
Decrease in cash in period		<u>(6,212)</u>	<u>(1,759)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in period		(6,212)	(1,759)
Cash inflow from new secured loans	25	0	(871)
Change in short term deposits	24	<u>(8,044)</u>	<u>(17,196)</u>
Change in net debt	26	<u>(14,256)</u>	<u>(19,826)</u>
Net debt at 1 August		(61,037)	(41,211)
Net debt at 31 July	26	<u>(75,293)</u>	<u>(61,037)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

1 FUNDING COUNCIL GRANTS	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
SFC recurrent teaching grant	18,959	18,953
SFC recurrent research grant	18,115	17,724
Other SFC grants	2,920	2,904
Deferred capital grants released in the year:		
Buildings	18 1,166	1,220
Equipment	18 508	740
	<u>41,668</u>	<u>41,541</u>
 2 TUITION FEES AND EDUCATION CONTRACTS	 Year ended 31 July 2010 £000	 Year ended 31 July 2009 £000
Full-time home and EU students	12,929	11,433
Full-time international students	27,370	23,262
Part-time home and EU students	128	199
Part-time international students	223	42
Research training support grants	2,824	2,428
Short course fees	2,283	2,008
Other fees	170	133
	<u>45,927</u>	<u>39,505</u>
 3 RESEARCH GRANTS AND CONTRACTS	 Year ended 31 July 2010 £000	 Year ended 31 July 2009 £000
Research Councils	20,609	20,630
UK government bodies, local and health authorities	3,620	4,456
UK based charities	3,552	3,022
UK industry, commerce and public corporations	1,532	1,596
EU government bodies	3,524	3,245
EU other	856	421
Other overseas	1,979	1,536
Other sources	34	151
Total of direct cost and overhead recovered	<u>35,706</u>	<u>35,057</u>
Income deferred to match capitalised purchases	18 (896)	(1,349)
Release of deferred capital grant for research grant	18 1,741	2,066
	<u>36,551</u>	<u>35,774</u>
 4 OTHER INCOME	 Year ended 31 July 2010 £000	 Year ended 31 July 2009 £000
Residences, catering and conferences	21,465	18,412
Consultancy, knowledge transfer and cultural engagement	2,044	1,873
Released from deferred capital grants	18 405	428
Distance Learning	894	920
Gifts & Donations	399	380
Academic Conferences	648	585
Sports Facility Income	410	369
Consumables and services recharged to research partner	256	591
Royalty Income	353	348
Other operating income	3,377	2,932
	<u>30,251</u>	<u>26,838</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

5 ENDOWMENT AND INVESTMENT INCOME	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Income from permanent endowments	19 1,087	1,148
Income from short-term investments	454	2,395
Net return on pension scheme	32 (150)	(140)
	<u>1,391</u>	<u>3,403</u>
6 STAFF COSTS	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Staff Costs:		
Salaries	74,515	70,455
Social security costs	5,665	5,460
Other pension costs	10,153	8,937
Total	<u>90,333</u>	<u>84,852</u>
Emoluments of Principal	£000	£000
Salary	225	220
Benefits in kind	18	20
Pension contributions to USS	35	32
	<u>35</u>	<u>32</u>

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

Remuneration of higher paid staff, excluding employer's pension contributions	Number	Number
£70,001 - £80,000	38	42
£80,001 - £90,000	36	30
£90,001 - £100,000	20	22
£100,001 - £110,000	7	8
£110,001 - £120,000	7	5
£120,001 - £130,000	3	3
£130,001 - £140,000	1	1
£140,001 - £150,000	1	1
£150,001 - £160,000	1	1
£200,001 - £210,000	1	1
£220,001 - £230,000	1	0
	<u>116</u>	<u>114</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

6 STAFF COSTS (cont'd)	Year ended 31 July 2010	Year ended 31 July 2009
Average staff numbers by major category:	Number	Number
Academic	817	774
Academic / teaching support services	245	222
Research	378	385
Administration	284	280
Premises	207	183
Catering & residences	247	237
	<u>2,178</u>	<u>2,081</u>
7 INTEREST AND OTHER FINANCE COSTS	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Interest paid to endowments	10	105
Loans repayable wholly or partly in more than five years	3,422	3,981
	<u>3,432</u>	<u>4,086</u>
8 ANALYSIS OF TOTAL EXPENDITURE BY	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Academic Schools	58,820	55,001
Academic support services	8,172	7,366
Central services	16,479	16,897
Premises	15,340	14,944
Research grants and contracts	26,841	27,157
Residences, catering and conferences	16,115	15,077
Other expenses	8,080	6,731
	<u>149,847</u>	<u>143,173</u>
Other operating expenses include:		
External auditors remuneration in respect of audit services	56	53
External auditors remuneration in respect of non-audit	33	9
Internal audit	69	54
Hire of plant and equipment	46	58

A refocusing of investment plans, necessitated by the financial environment, has resulted in an exceptional impairment related to the carrying value of the library enhancements currently under construction.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

9 TANGIBLE FIXED ASSETS

Consolidated	Land & Buildings		Assets under	Equipment	Total
	Freehold	Leasehold	Construction	& Furniture	
Cost	£'000	£'000	£'000	£'000	£000
At 1 August 2009	162,350	73	38,473	51,961	252,857
Additions	1,272	0	31,573	2,231	35,076
Transfers	52,988	0	(55,977)	2,989	0
Disposals	(87)	0	(1,341)	(555)	(1,983)
At 31 July 2010	216,523	73	12,728	56,626	285,950
Depreciation					
At 1 August 2009	28,402	59	0	41,994	70,455
Charge for Year	4,691	2	0	3,905	8,598
Disposals	(48)	0	0	(535)	(583)
At 31 July 2010	33,045	61	0	45,364	78,470
Net Book Value					
At 31 July 2010	183,478	12	12,728	11,262	207,480
At 31 July 2009	133,948	14	38,473	9,967	182,402
Financed by capital grant	46,452	0	1,081	4,792	52,325
Other	137,026	12	11,647	6,470	155,155
Net book value at 2010	183,478	12	12,728	11,262	207,480
University	Land & Buildings		Assets under	Equipment	Total
	Freehold	Leasehold	Construction	& Furniture	
Cost	£'000	£'000	£'000	£'000	£000
At 1 August 2009	156,066	73	38,461	51,336	245,936
Additions	1,272	0	31,531	2,058	34,861
Transfers	52,988	0	(55,977)	2,989	0
Disposals	(87)	0	(1,341)	(555)	(1,983)
At 31 July 2010	210,239	73	12,674	55,828	278,814
Depreciation					
At 1 August 2009	27,390	59	0	41,506	68,955
Charge for Year	4,577	2	0	3,906	8,485
Disposals	(48)	0	0	(535)	(583)
At 31 July 2010	31,919	61	0	44,877	76,857
Net Book Value					
At 31 July 2010	178,320	12	12,674	10,951	201,957
At 31 July 2009	128,676	14	38,461	9,830	176,981
Financed by capital grant	46,063	0	1,081	4,792	51,936
Other	132,257	12	11,593	6,159	150,021
Net book value at 2010	178,320	12	12,674	10,951	201,957

Included within fixed assets is an amount of £2,779,750 (2008/09 - £1,536,319) of capitalised finance costs. £1,277,388 of finance costs were capitalised during 2009/10 while £34,967 was expensed in line with depreciation. A monthly capitalisation rate was used which averaged at 5.16% for the year. Buildings and equipment with a cost of £89.7million and a net book value of £76.4million have been financed in part or in whole by Treasury sources. Should these assets be sold the University may have to surrender the relevant proceeds to the Treasury or use them in accordance with the Financial Memorandum with the SFC.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

10 FIXED ASSETS INVESTMENTS

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidated £000	University £000
Subsidiary companies	0	1,716	0	1,294
Non-subsidiary investments in spinouts	0	0	1	1
Other fixed asset investments	737	737	232	232
	<u>737</u>	<u>2,453</u>	<u>233</u>	<u>1,527</u>

Movements on subsidiary companies included £0.422million additional share capital in SMRU Ltd. Movements in other fixed asset investments relate to donated shares held for resale, the proceeds of which are to be used on specific capital projects.

11 ENDOWMENT ASSET INVESTMENTS

	As at 31 July 2010 £000	As at 31 July 2009 £000
Consolidated and University		
Balance as at 1 August 2009	31,924	34,774
Additions	2,446	1,144
Disposals	0	(157)
Appreciation	1,947	(2,575)
Debtor movement	(2,642)	(653)
Cash movement	416	(609)
Balance as at 31 July	34,091	31,924
Represented by:		
Fixed Interest Stocks	0	0
Equities	28,478	24,084
Land & Property	1,225	1,225
Amounts included within short term deposits (Creditors) / Debtors	3,466 (35)	6,066 7
Bank, Building Society & Other Deposits	957	542
Total Endowment Assets	34,091	31,924

12 STOCKS

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of consumables	512	487	501	464

13 DEBTORS

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year:				
Trade debtors	2,985	2,187	2,835	2,584
Debts due from students	512	512	382	382
Research debt	7,244	7,244	6,790	6,790
Prepayments and accrued income	2,934	2,934	1,645	1,654
Other debtors	895	891	191	187
Amounts due from subsidiary companies	0	4,443	0	4,360
	<u>14,570</u>	<u>18,211</u>	<u>11,843</u>	<u>15,948</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2010

14 INVESTMENTS

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing in one year or less	0	0	8,044	8,044
	0	0	8,044	8,044

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidated £000	University £000
Payments received in advance	10,495	10,495	7,979	7,979
Research grants received on account	10,559	10,559	8,957	8,957
Trade creditors	3,680	3,401	3,907	3,788
Social security and other taxation payable	2,119	2,084	2,051	2,011
Amounts owed to group undertakings	0	1,605	0	1,580
Accruals and deferred income	11,334	11,259	14,222	14,136
	38,187	39,403	37,116	38,451

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £000	University £000	Consolidate £000	University £000
Unsecured loan	91,257	91,257	91,257	91,257
Cumulative convertible redeemable pref shares	95	0	95	0
Other long term creditors	926	926	875	875
	92,278	92,183	92,227	92,132

Analysis of secured and unsecured loans:

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

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

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

Included in loans are the following:

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

17 PROVISIONS FOR LIABILITIES

Consolidated and University	FSSU Unfunded Pension £000	Early Retirement & Restructuring Provision £000	Total £000
At 1 August 2009	39	115	154
Utilised in year	(5)	(115)	(120)
Transfer from income and expenditure account	5	126	131
At 31 July 2010	<u>39</u>	<u>126</u>	<u>165</u>

Towers Watson, an independent firm of actuaries, carried out a valuation of the existing pension provision at 31 July 2010. Persons retiring under the F.S.S.U. scheme, or who have already retired under the scheme, are entitled as of right to additional benefits that may arise under the F.S.S.U. Supplementation Scheme. These additional benefits are unfunded and are paid, as and when they arise.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

18 DEFERRED CAPITAL GRANTS	SFC	Research	Other	Total
Consolidated	£000	Grants £000	Grants £000	£000
As 1 August 2009				
Buildings	30,015	0	9,856	39,871
Equipment	1,023	4,261	333	5,617
Total	31,038	4,261	10,189	45,488
Grants receivable				
Buildings	7,101	0	2,746	9,847
Equipment	407	896	621	1,924
Total	7,508	896	3,367	11,771
Disposals				
Buildings	(10)	0	0	(10)
Equipment	0	0	0	0
Total	(10)	0	0	(10)
Released to income and expenditure account				
Buildings (notes 1, 3 and 4)	(1,166)	0	(307)	(1,473)
Equipment (notes 1, 3 and 4)	(508)	(1,741)	(98)	(2,347)
Total	(1,674)	(1,741)	(405)	(3,820)
At 31 July 2010				
Buildings	35,940	0	12,295	48,235
Equipment	922	3,416	856	5,194
Total	36,862	3,416	13,151	53,429
University				
	SFC	Research	Other	Total
		Grants	Grants	£000
As 1 August 2009				
Buildings	29,617	0	9,856	39,473
Equipment	1,023	4,261	333	5,617
Total	30,640	4,261	10,189	45,090
Grants receivable				
Buildings	7,101	0	2,746	9,847
Equipment	407	896	621	1,924
Total	7,508	896	3,367	11,771
Disposals				
Buildings	(10)	0	0	(10)
Equipment	0	0	0	0
Total	(10)	0	0	(10)
Released to income and expenditure account				
Buildings (notes 1, 3 and 4)	(1,156)	0	(307)	(1,463)
Equipment (notes 1, 3 and 4)	(508)	(1,741)	(98)	(2,347)
Total	(1,664)	(1,741)	(405)	(3,810)
At 31 July 2010				
Buildings	35,552	0	12,295	47,847
Equipment	922	3,416	856	5,194
Total	36,474	3,416	13,151	53,041

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

19 ENDOWMENTS

Consolidated and University

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2010 Total £'000	2009 Total £'000
Balances at 1 August 2009						
Capital	1,880	28,647	30,527	480	31,007	33,828
Accumulated income	0	917	917	0	917	946
	1,880	29,564	31,444	480	31,924	34,774
Additions / Disposals						
Investment income	459	(574)	(115)	824	709	344
Expenditure	19	1,068	1,087	0	1,087	1,148
	(19)	(1,049)	(1,068)	(508)	(1,576)	(1,767)
	0	19	19	(508)	(489)	(619)
Increase/(decrease) in market value of investments	147	1,800	1,947	0	1,947	(2,575)
At 31 July 2010	2,486	30,809	33,295	796	34,091	31,924
Represented by:						
Capital	2,486	29,873	32,359	796	33,155	31,007
Accumulated Income	0	936	936	0	936	917
	2,486	30,809	33,295	796	34,091	31,924

20 MOVEMENT ON RESERVES

	Consolidated £'000	University £'000
Income and expenditure account		
At 1 August 2009	49,768	48,432
Surplus retained for the year	4,932	5,020
Deduct pension surplus	(460)	(460)
At 31 July 2010	54,240	52,992
Pension Reserve	£'000	£'000
At 1 August 2009	(22,010)	(22,010)
Actuarial loss	(110)	(110)
Surplus retained within reserves	460	460
At 31 July 2010	(21,660)	(21,660)
Revaluation Reserve	£'000	£'000
At 1 August 2009	0	0
Revaluation gain	102	102
At 31 July 2010	102	102

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

21 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Surplus after depreciation of assets, exceptional impairment and disposal of assets	4,443	3,861
Depreciation	8,598	8,518
Deferred capital grants released to income	(3,820)	(4,454)
Investment income	(1,391)	(3,403)
Exceptional impairment of fixed asset	1,313	0
Loss on disposal of tangible fixed assets	185	27
Impairment of fixed asset investment	0	124
Interest payable	3,432	4,086
Increase in stocks	(11)	(39)
(Increase) /decrease in debtors	(2,727)	1,694
Increase in creditors	4,410	8,100
Increase/(decrease) in provisions	11	(11)
Pension costs less contributions payable	(610)	(730)
Net cash inflow from operating activities	<u>13,833</u>	<u>17,773</u>
22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Income from endowments	1,087	1,148
Other interest received	454	2,395
Interest paid	(4,711)	(4,700)
	<u>(3,170)</u>	<u>(1,157)</u>
23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Payments made to acquire tangible fixed assets	(34,423)	(45,514)
Proceeds from sale of tangible fixed assets	(127)	(12)
Receipts from sales of fixed asset investments	0	5
Payments to acquire endowment assets	(2,446)	(1,144)
Receipts from sales of endowment asset investments	0	157
Deferred capital grants received	11,368	9,722
Endowments received	709	344
	<u>(24,919)</u>	<u>(36,442)</u>
24 MANAGEMENT OF LIQUID RESOURCES	Year ended 31 July 2010 £000	Year ended 31 July £000
Reduction in Short term deposits	(8,044)	(17,196)
	<u>(8,044)</u>	<u>(17,196)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

25 FINANCING

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
New unsecured loan	0	871
	0	871

26 ANALYSIS OF CHANGE IN NET DEBT

	At 1 August 2009 £000	Cash Flows £000	At 31 July 2010 £000
Cash			
At Bank and in hand	21,730	(6,628)	15,102
Endowment cash	541	416	957
	22,271	(6,212)	16,059
Short term investments	8,044	(8,044)	0
Debt due after one year	(91,257)	0	(91,257)
Preference Shares	(95)	0	(95)
	(61,037)	(14,256)	(75,293)

27 CAPITAL AND OTHER COMMITMENTS

Consolidated and University

Provision has not been made for the following capital commitments at 31st July 2010

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	19,767	19,767	19,343	19,343
Authorised but not contracted for	12,554	12,554	14,761	14,761
	32,321	32,321	34,104	34,104

28 LEASE OBLIGATIONS

Consolidated and University

	Year ended 31 July 2010		Year ended 31 July 2009	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Annual rentals under operating leases are as follows:				
Leases expiring less than five years				
Equipment	22	22	27	27
	22	22	27	27

29 POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

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

Discretionary fund

	Year ended 31 July 2010		Year ended 31 July 2009	
	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2009	0		10	
Funding Council grants	311		308	
Transfers from childcare fund	1		1	
Interest earned	0	312	4	323
Expenditure				
Disbursed to students	(299)		(323)	
Fund running cost	0		0	(323)
Excess of income over expenditure at 31 July 2010		<u>13</u>		<u>0</u>

Childcare fund

	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2009	2		3	
Funding Council grants	21		21	
Interest earned	0	23	1	25
Expenditure				
Transfers to Hardship Fund	(1)		(1)	
Disbursed to students	(19)		(22)	
Fund running cost	(1)	(21)	0	(23)
Excess of income over expenditure at 31 July 2010		<u>2</u>		<u>2</u>

Part-time discretionary fund

	£'000	£'000	£'000	£'000
Income				
Excess of income over expenditure at 1 August 2009	0		0	
Funding Council grants	6		6	
Interest earned	0	6	0	6
Expenditure				
Transfers to Hardship Fund	0		0	
Disbursed to students	(6)	(6)	(6)	(6)
Excess of income over expenditure at 31 July 2010		<u>0</u>		<u>0</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

31 DISCLOSURE OF RELATED PARTY TRANSACTIONS

Due to the nature of the University's activities and the composition of Court (being drawn from local public and private sector organisations) transactions may take place with organisations in which a member of Court may have an interest. From time to time, as supporters of the University, Court members may make donations of varying amounts to assist the University in achieving its goals. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

32 PENSION ARRANGEMENTS

The University contributes to two pension schemes for its staff.

Universities Superannuation Scheme (U.S.S.)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

32 PENSION ARRANGEMENTS (continued)

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

Standard mortality tables were used as follows:

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

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

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

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

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

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

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 18% of the pensionable salaries from 1 October 2009.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

32 PENSION ARRANGEMENTS (continued)

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2010 the actuary has estimated the funding level under the new scheme-specific funding regime had fallen from 103% to 91% (a deficit of £3,065million). Compared to the previous 12 months, the funding level has improved from 74% (as at March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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

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

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

The Trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The Trustees recognise that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However in order to meet the long-term funding objective within a level of contributions that it considers employer would be willing to make the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the Trustees receive advice from its investment consultant and the scheme actuary, and considers the view of employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The Trustees believe that this, together with the ongoing flow of new entrants in the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed directly through to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

32 PENSION ARRANGEMENTS (continued)

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

At 31 March 2010, USS had over 135,000 active members and the University had 1,038 members participating in the scheme.

The total USS pension cost for the University was £7.633million (2008/09 - £6.503million). This includes £0.652million (2008/09 - £0.559million) of outstanding contributions at the balance sheet date. The contribution rate payable by the University was 16% of pensionable salaries (18% from 1 October 2009). Employees' regular contributions were £3.106million (2008/09 - £2.965million) and £0.487million (2008/09 £0.403million) in respect of additional voluntary contributions.

St. Andrews University Superannuation & Life Assurance Scheme

The University is required to disclose the present value of the scheme assets and liabilities. A full actuarial valuation of the scheme was carried out at 31 July 2006 and updated to 31 July 2010 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

	Year ended 31 July 2010	Year ended 31 July 2009	Year ended 31 July 2008
Rate of increase in salaries	4.30%	4.50%	4.90%
Rate of increase in benefits accruing prior to 6 April 2006	3.30%	3.50%	3.90%
Rate of increase in benefits accruing from 6 April 2006	2.50%	2.50%	2.50%
Discount Rate	5.40%	6.00%	6.50%
Inflation assumption	3.30%	3.50%	3.90%

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 2010	As at 31 July 2009
Retiring today:		
Males	20.8	20.3
Females	23.4	22.9
Retiring in 20 years:		
Males	22.7	22.2
Females	25.2	24.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

32 PENSION ARRANGEMENTS (continued)

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

	Long term rate of return expected at 31 July 2010	Value at 31 July 2010	Long term rate of return expected at 31 July 2009	Value at 31 July 2009	Long term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.70%	33,956	8.40%	28,790	8.80%	29,560
Bonds	-	-	-	-	-	-
Alternatives	7.70%	18,284	8.40%	14,880	8.80%	14,170
Cash	3.90%	-	1.00%	20	4.90%	100
		<u>52,240</u>		<u>43,690</u>		<u>43,830</u>

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

	As at 31 July 2010 £000	As at 31 July 2009 £000
Total market value of scheme assets	52,240	43,690
Present value of scheme liabilities	(73,900)	(65,700)
Deficit in scheme - Net pension liability	<u>(21,660)</u>	<u>(22,010)</u>

Amounts charged to income and expenditure account:

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Current service cost	2,960	2,600
Past service cost	60	180
Total operating charge	<u>3,020</u>	<u>2,780</u>

Net finance return / (charge) on pension scheme

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Expected return on pension scheme assets	3,710	3,890
Interest on pension scheme liabilities	(3,860)	(4,030)
Net credit to financing cost	<u>(150)</u>	<u>(140)</u>

Amounts recognised in the statement of total recognised gains and losses

	As at 31 July 2010 £000	As at 31 July 2009 £000
Gain / (loss) on scheme assets	3,850	(4,910)
Experience gain arising on scheme liabilities	1,940	380
Changes in assumptions underlying the present value of scheme liabilities	(5,900)	1,300
Actuarial loss recognised in statement of total recognised gains & losses	<u>(110)</u>	<u>(3,230)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

32 PENSION ARRANGEMENTS (continued)

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

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Deficit on scheme at 1 August	(22,010)	(19,370)
<i>Movement in year:</i>		
Current service cost	(2,960)	(2,600)
Contributions	3,630	3,510
Past service costs	(60)	(180)
Other finance income	(150)	(140)
Actuarial loss	(110)	(3,230)
Deficit on scheme at 31 July	(21,660)	(22,010)

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

			Year ended 31 July 2010	Year ended 31 July 2009	
			20.23%	20.23%	
History of experience gains and losses	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets					
Amount (£'000)	(3,850)	4,910	5,250	(1,080)	170
Percentage of scheme assets	7.4%	11.2%	12.0%	4.0%	0.4%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(1,940)	(380)	2,440	790	450
Percentage of the present value of the scheme liabilities	2.6%	0.6%	3.9%	1.5%	0.8%
Total amount recognised in the statement of total recognised gains and losses					
Amount (£'000)	110	3,230	11,090	(8,610)	1,620
Percentage of the present value of the scheme liabilities	0.2%	4.9%	17.5%	15.9%	2.8%

33 Subsidiary companies:

The University owns 100% of the following operating subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2010

34 Collections

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

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

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