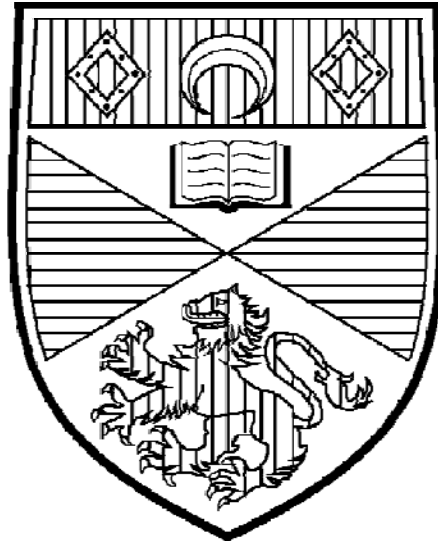


*Reports and Financial Statements
of the University Court
for the year to 31 July 2007*



University
of
St Andrews

CONTENTS

	Pages
Membership of Court and Committees	1 – 5
Report of the University Court	6 – 9
Responsibilities of Court	10 – 11
Corporate governance	12 – 15
Independent auditors' report.....	16 – 17
Financial Statements:	
Consolidated income and expenditure account	18
Consolidated statement of total recognised gains and losses	19
Balance sheets	20
Consolidated cash flow statement	21
Principal accounting policies.....	22 – 24
Notes to the financial statements.....	25 – 40

MEMBERSHIP OF COURT AND COMMITTEES

The Rector, President
Mr S R Pepper

Senior Governor, Vice-President
Mr W. Berry (until 31 May 2007)
Professor E. Brown (from 1 June 2007)

The Principal
Dr B.A. Lang

Deputy Principal & Master
Professor K M Brown

The Chancellor's Assessor
Mr W. Berry

The Rector's Assessor
Mr B.A. Nicholson (until 30 June 2007)
Mr O.J. Markeson (from 1 July 2007)

Fife Council, Provost of Fife
Mr J. Simpson (until 30 April 2007)
Cllr. P Grant (from 17 May 2007)

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

Assessors of the Senatus Academicus
Professor R.W. Byrne
Professor R. Crawford (from 1 August 2007)
Professor H.N. Kennedy (until 31 July 2007)
Dr C.R. Warren
Dr C.E. Whitehead

Non Teaching Staff Member
Mr R. Dittrich

Student Representatives
Mr T.G.L. d'Ardenne, *President*
Miss L.K. Wilson, *Director of Representation* (until 30 June 2007)
Mr S.J. Savage, *Director of Representation* (from 1 July 2007)

Non Executive Members
Sir A. Bagnall
Dr N.M. Bryson
Mr P.P. Cabrelli
Mrs C.A.M. Davis
Ms J.W. Denholm (until 31 July 2007)
Mr A.J. Harden (from 1 August 2007)
Rev Dr M. MacLean
Mrs C. Potter
Mr G.R.C. Scott

Clerk of the Court
Mr I. M. Wright (until 18 May 2007)
Mrs L. E. Fraser (from 19 May 2007)

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</i>
ACADEMIC AUDIT COMMITTEE		
Dr C.R. Warren (Convener)	2009	Senate Assessor on Court
The Vice-Principal (Learning & Teaching)	-	<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 R.W. Byrne	2009	Senate Assessor on Court
Dr N.C. McGill	2009	Director of Learning & Teaching Quality, School of Physics & Astronomy
Professor E. Moignard	2009	External Assessor
<i>Secretary: Director of Teaching Quality</i>		
 AUDIT COMMITTEE		
Dr N. M Bryson (Convener)	2010	Non-executive member
Miss K.M. Patrick	2008	Non-executive member
Ms J.W. Denholm (until 31 July 2007)	2007	Non-executive member
Mr I.B. McIver	2008	Court nominee
Mr W.J. Sutherland	2009	Court nominee
Rev Dr M. MacLean (from 1 Aug 2007)	2010	Non-executive member
<i>Secretary: Academic Registrar & Clerk</i>		
 EQUAL OPPORTUNITIES COMMITTEE		
Mrs C.A.M. Davis (Convener)	2008	Non-executive member
The Director of Admissions	-	<i>ex officio</i>
The Director of Student Services	-	<i>ex officio</i>
The Convener, Staff Committee	-	<i>ex officio</i>
The Convener, Student Services Committee	-	<i>ex officio</i>
Mr R. Dittrich	2009	Member of Court
Dr E.F. Graham	2008	Senate nominee
Director of Representation	-	Students' Association Nominee
<i>Secretary: Director of Human Resources</i>		

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</i>
INVESTMENT & COLLECTIONS COMMITTEE		
Professor E. Brown (Convener)	2010	Senior Governor
The Principal	-	<i>ex officio</i>
The Quaestor & Factor	-	<i>ex officio</i>
The President, Students' Association	-	<i>ex officio</i>
Mr W. Berry	-	Chancellor's Assessor
Mr A. Harden	2011	Non-executive member
Professor N.V. Richardson	2008	Senate nominee
Mrs C Davis (from 1 August 2007)	2008	Non-executive member
Miss K. M. Patrick	2008	Non-executive member

Secretary: Assistant Director of Finance

GOVERNANCE & NOMINATIONS COMMITTEE

Sir Brian Ivory (Convener from 4 May 2007)	2011	External convener
The Senior Governor (Acting Convener until 3 May 2007)	-	<i>ex-officio</i>
The Principal	-	<i>ex officio</i>
The President, Students' Association	-	<i>ex officio</i>
Mr P.P. Cabrelli	2008	Non-executive member
Mrs C. Davis	2008	Non-executive member
Professor H.N. Kennedy (until 31 Jul 2007)	2007	Member of Court
Mr J. Simpson (until 31 Jul 2007)	2007	Non-executive member
Professor R. Crawford (from 1 Aug 2007)	2011	Member of Court
Dr C. Whitehead (from 1 Aug 2007)	2011	Member of Court
Dr C.R. Warren (from 1 Aug 2007)	2009	Member of Court

Secretary: Secretary & Registrar until (10 Nov 2007);

Academic Secretary & Registrar (from 11 Nov 2007)

HEALTH AND SAFETY COMMITTEE

Mr G.R.C. Scott (Convener)	2008	Non-executive member
The Quaestor & Factor (until 31 July 2007)	-	<i>ex officio</i>
The Secretary & Registrar (from 1 Aug 2007)	-	<i>ex-officio</i>
Director of Services, Students' Association	-	<i>ex officio</i>
Sir A. Bagnall	2009	Non-executive member
Dr P.R. Cundill	2007	AUT nominee
Mrs M.B. Parker	2007	AMICUS nominee
Mrs A. Small	2007	UNISON nominee
Professor R. Crawford (from 1 Aug 2007)	2011	Member of Court
Dr C. Whitehead (from 1 Aug 2007)	2001	Member of Court
Dr C.R. Warren	2009	Member of Court

Secretary: Director of Environmental, Health and Safety Services

MEMBERSHIP OF COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</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 Dean of Arts	-	<i>ex officio</i>
The Dean of Science	-	<i>ex officio</i>
Quaestor & Factor	-	<i>ex-officio</i>
Convener, Investment & Collections Committee	-	<i>ex officio</i>
Convener, Staff Committee	-	<i>ex officio</i>
Convener, Student Services Committee	-	<i>ex officio</i>
President, Students' Association	-	<i>ex officio</i>
Mr G.R.C. Scott	2008	Non-executive member
Sir A. Bagnall	2009	Non-executive member
Professor D.M Paterson	2010	Senate electee
Professor S.J. Broadie	2008	Senate electee
<i>Secretary: Academic Registrar & Clerk</i>		
REMUNERATION COMMITTEE		
Senior Governor (Convener)	-	Senior Governor
The Principal ¹	-	<i>ex officio</i>
The Convener of the Staff Committee	-	<i>ex officio</i>
Sir A. Bagnall	2009	Non-executive member
Miss K.M. Patrick (from 1 Aug 2007)	2008	Non-executive member
Mr J. Simpson (until 31 Jul 2007)	2007	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		
Mr P.P. Cabrelli (Convener)	2008	Non-executive member
The Principal	-	<i>ex officio</i>
The Deputy Principal & Master	-	<i>ex officio</i>
The Secretary & Registrar	-	<i>ex officio</i>
The Dean of Arts	-	<i>ex officio</i>
The Dean of Science	-	<i>ex officio</i>
Convener, Equal Opportunities Committee	-	<i>ex officio</i>
Professor V.J. Brown	2008	Senate nominee
Miss K.M. Patrick	2008	Non-executive member
Mr S.R. Magee	2009	Court nominee (non-academic staff)
Dr M. Harris	2008	Senate nominee
<i>Secretary: Director of Human Resources</i>		

MEMBERSHIP OF COURT AND COMMITTEES

STUDENT SERVICES COMMITTEE

Mrs C. Potter (Convener)	2010	Non-executive member
Convener, Equal Opportunities Committee	-	<i>ex officio</i>
The Director of Student Services	-	<i>ex officio</i>
Rector's Assessor	-	<i>ex-officio</i>
Sir A. Bagnall	2009	Non-executive member
Dr N Bryson (from 1 Aug 2007)	2010	Non-executive member
Professor R. Byrne (from 1 Aug 2007)	2009	Non-executive member
Professor K. Dholakia	2008	Senate nominee
Dr T.E. Jones	2008	Senate nominee
Rev Dr M. Maclean	2010	Non-executive member
Mr E.D. Wilson	2010	Court nominee
The Director of Representation, Students' Association	-	Students' Assoc. nominee
The President, Students' Association	-	Students' Assoc. nominee
<i>Secretary: Director of Student Support Services</i>		

REPORT OF THE UNIVERSITY COURT

Scope of the financial statements

The financial statements for the year to 31 July 2007 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Scottish Further and Higher Education Funding Council's (SFC's) Accounts Direction. As noted in the second paragraph of the statement of principal accounting policies, 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

There was further strong growth in turnover, up £9.6million (9%) to £118.3million, reflecting a continuation of recent trends. However, 2006/ 2007 was a very challenging financial year following UK wide industrial action during the previous year and total costs increased by over 11% to £118.7million. Despite the substantially increased salary bill, which came without equivalent growth in Government funding, the University chose not to alter its academic objective of achieving excellence in the Research Assessment Exercise 2008 (RAE). A significant part of the strategy has been investment in academic staffing to improve breadth of coverage within disciplines and to promote strength in depth for teaching and research. There was a broadly balanced operational outcome (including endowment transfers) of £0.007million surplus which was in line with expectations. After taking account of gains on disposal of property, this increased to £0.451million.

Grants received from SFC increased by £3.318million (9.7%) with the largest single element of the increase (£1.97million) relating to research. As well as an inflationary increase, additional research money was received from the SFC towards pay modernisation and charity research.

Tuition fee income increased in the year by around 15% to £28.7million, reflecting the continuing demand for the type of high quality education provided by St Andrews in an increasingly competitive global market, particularly for full degree seeking undergraduates, but also for research postgraduates. Around one third of the students entering the University were ordinarily domiciled outwith the UK, demonstrating the University's success as a global brand that is successfully representing Scotland on the world stage. In the domestic markets, demand also remains strong despite academic entrance standards becoming ever higher. The University remains active and committed in its pursuit of widened participation especially in our local communities

Income from research grants was relatively static at £27.8million. However, during 2005/2006 the University was awarded non-recurring funding from Research Councils UK of around £2million and adjustment for this factor would reflect an 8% increase in research grant turnover. The University is beginning to see evidence of an increasing rate of recovery of indirect costs which will be essential if research activities are to pay their way in a sustainable manner. During the year the University also won research grant awards of £37million, reflecting an increase on the previous year of around 31%. These grants will, on average, be delivered over the coming 3 years. This growth in volume combined with increased recovery margins for indirect costs show that the University's strategic growth in this area is beginning to deliver in financial terms.

Other income increased by £2.258million, an increase of 11.4% on the prior year due mainly to an increase in student residence income attributable to increased capacity following the opening of new accommodation at David Russell Apartments.

Cash received from the sale of Hamilton Hall significantly increased the University's liquid resources during the year and this resulted in Endowment Income and Interest Receivable increasing by £0.268million (15%) in 2006/2007.

REPORT OF THE UNIVERSITY COURT

In 2005/2006, the University reported a deficit on its local pension scheme of £17.9million. In the current year, this position has moved favourably by £8.6million, in part due to positive investment performance, but largely driven by increased bond yields that are used to calculate the current value of future liabilities. The University and the Scheme's Trustees have agreed a funding plan which should see the Scheme moving towards a balanced position over the coming decade.

During the year the consolidated net assets of the University increased by £17million to £110million of which the largest single component was the £8.6million reduction in the pension deficit. The University continued to invest in its physical infrastructure with the value of tangible fixed assets increasing by £8.6million. Endowment assets, after meeting spending commitments, grew by a further £1.6million. These positive movements were partially offset by a reduction in the carrying value of investment assets; largely attributable to a £1 million movement in the value of the University's holding in IDMoS PLC which is exploiting technology developed in part by the University and a £3 million adverse movement in net current liabilities.

Achievements of the year

The University's has enjoyed continuing success in all areas of activity. Published league tables are an increasingly pervasive external measure of Universities' overall success. During the 2007 league table season, the University was consistently rated around 5th in the UK and the top University in Scotland. The University views this success as part validation of its efforts to continue to punch above its weight, in a highly competitive market, despite the lack of financial advantages available to Universities south of the border.

In relation to teaching, 2006/2007 was very much a year of reflection as well as continuation of the quality enhancement agenda. During 2005/2006 the University was delighted to achieve 'top-marks' in the Enhancement Led Institutional Review (ELIR). During the current year the University reflected on the recommendations that arose from the ELIR review and has considered ways in which it can maintain this emphasis on continuing improvement from what is recognised as being a very good starting point. The ground was laid for piloting new schemes of Personal Development Planning and Personal Tutoring, as well as for promoting higher levels of achievement from first-year students in recognition of the high standard of students being admitted. The University continues to be the institution of choice for extremely able students, with a continuing application base from the European Union (EU) of over 10 students for every available place, even in the core science subjects, where the University's ability to attract very good students is limited by the willingness of the SFC to fund places.

In research, 2006/2007 was a year which saw the University prepare for the impending RAE, a national peer review of the quality of research activity in all UK Universities. The University has adopted an extremely thorough and self critical approach to this review with extensive use made of external experts to ensure objectivity. The University believes that it is well placed for this review, the outcome of which will not be known until late in 2008. This would indicate that the University's strategy of investment in high quality, research active staff should pay significant dividends in the coming years.

There was greater stability in staff relations following the turbulence of the previous year arising from the national industrial action over pay. The University has successfully embedded the pay modernisation process and has moved all staff from a historic collection of differing pay scales to a single pay spine. The combined impact of the settlement of the industrial action and the pay modernisation process created a significant additional cost for the University, without sufficient compensating funding. This had an inevitable impact on the level of resources generated in the year for investment, but the University believes that maintaining its strategy of investment in academic staff will be best for the University in the long term, despite the immediate adverse impact.

REPORT OF THE UNIVERSITY COURT

The University is keenly aware of the need to provide students with not only an excellent education in which their abilities and skills are stretched but also with an experience which allows them scope for personal development and employability. During the year the University has continued to invest in this area, critically examining its approach to provision of all aspects of service to students. The current approach appears to be successful, evidenced not only by the continuing high demand for opportunities to study at St Andrews, but by a 2nd successive year in which St Andrews was voted as the best mainstream University in the National Student Survey.

The University strongly supports the SFC's strategy of collaboration in research and in addition to research pooling initiatives in Chemistry and Physics, has embarked on similar initiatives in Computer Science, Economics, Geosciences and Neuroscience. In addition to these important pan-Scottish collaborations, the University has entered into a number of partnership agreements with universities in Europe and the United States, ensuring that it remains at the heart of research excellence on the world stage. During the year, the University invested further in activities required to take its knowledge to the marketplace both through its wholly owned subsidiaries and its partnerships with international companies keen to align their commercial research with the University's strengths.

The University completed a review of its Estate Strategy during the year and has developed a 20 year view of the physical infrastructure needs of the academic strategy. In implementing this strategy the University believes that in addition to meeting its core academic needs, it will improve the quality of facilities for students, the nature of its staff facilities and indeed, will provide an improvement to the town of St Andrews, whose continued success is aligned to that of the University. During the year the University has continued to invest significantly in its buildings with the completion of investments in new residential and academic facilities secured at the start of the year. Funding for these investments was from the University's own resources and non-recurring funds from the SFC through initiatives for research and learning, and grant funding.

Looking forward

2006/7 has been very successful for the University in terms of what it does in its core mission – the provision of world-class teaching and research. Financially, the year has been extremely tough with pay costs outgrowing increases in other costs. However growth in core areas, and high levels of demand for our services, mean that the University continues to represent Scotland strongly on a global stage. The University is committed to maintaining and enhancing this level of performance and to continue to project a confident and successful higher education sector in Scotland. In seeking to do this, the University is keenly aware of the challenges and barriers that will have to be overcome, but its appetite to succeed remains as strong as ever.

The University is at an advanced stage of planning a new Institute for Medicine and the Sciences that will be a unique centre of learning and research excellence. To be located at the heart of the University science park, its multi-disciplinary structure will foster an innovative, dynamic and collaborative approach to biomedical research. It will exploit the scientific excellence of St Andrews with the objective of achieving major medical advances in the understanding and treatment of disease, with substantial national and international benefit. There are also well-developed plans for the renovation and expansion of the University Library and consideration of other key capital projects to ensure that both undergraduate and postgraduate students continue to enjoy world-class facilities.

REPORT OF THE UNIVERSITY COURT

These are major projects that require substantial funding and the University recognises that in addition to raising external funds, it is essential that it is able to achieve annual operating surpluses that are predictable and provide the necessary confidence for investment decision-making. The University will continue to engage urgently and actively with the Scottish Government and its agency the SFC to achieve this.

Professor Ewan Brown
Senior Governor
College Gate
St Andrews
7 December 2007

RESPONSIBILITIES OF COURT

In accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966, the Court of the University of St. Andrews 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 keeping 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 between the Scottish Further and Higher Education Funding Council (SFC) and the Court of the University of St Andrews, Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the 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 the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ensure that there exists an effective platform for the control and monitoring of risk and that risk implications are considered at all areas within University management;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

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

RESPONSIBILITIES OF COURT

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

Any system of internal financial control can, however, 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 (developed to establish standards of best practice in corporate governance amongst UK listed companies). 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 amendment in the 2003 Combined Code that eliminated any age restriction on members of governing bodies. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

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 2007. There is divergence between University practice and the combined code in 2 areas, namely:

Chairmanship of Court meetings - Meetings of Court are chaired by the Rector, an elected representative of the students, his right to do so being derived from the Universities (Scotland) Act 1889, section 5(5). Accordingly, the University cannot comply with best practice with regard to Chairmanship of Court.

Term of Office – Elected and appointed members of Court normally have a term of office of four years but not exceeding four years and never less than two years. Ex officio members serve for the duration of their period of office. This compares with the Combined Code principle of three-year terms of office.

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

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

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

CORPORATE GOVERNANCE

Court met five times during the year ended 31 July 2007. It has a number of committees with particular areas of responsibility. The decisions and recommendations of these committees are formally reported to Court. The committees, whose membership is disclosed on Pages 2 to 5, are:

Academic Audit	Audit
Equal Opportunities	Investment & Collections
Governance & Nominations	Health & Safety
Planning & Resources	Remuneration
Staff	Student Services

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

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

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

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

The Equal Opportunities Committee considers and reports on matters concerning the development of, and progress in the implementation of the University's equality statement and associated policies; considers the implication of changes in legislation with regard to equal opportunities within the University and notifies the Principal's Office and conveners of other committees of any issues. The Committee is also required to audit the implementation of the Equality Statement and associated policies on an annual basis and make an annual report to Court and Senate on the state of equal opportunities in the University.

CORPORATE GOVERNANCE

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

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

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

The Planning & Resources Committee 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 considers the content of the annual financial statements of the University (subject to appropriate input from the Audit Committee).

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

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

CORPORATE GOVERNANCE

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

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

As reported in previous years' Reports and Financial Statements, the University has formally compared the practice of Court with the requirements of the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks (SFC Circulars HE/05/99 & HE/23/00).

Having carried out a thorough review of its effectiveness during the year to 31 July 2007, Court has effected changes which have achieved fuller compliance with the Good Practice Benchmarks, with stated exceptions regarding term of office and chairmanship of meetings.

Payment of creditors

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 39.2 days (2005/2006: 35.7 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.

Professor Ewan Brown
Senior Governor
College Gate
St Andrews
7 December 2007

We have audited the Group and University financial statements for the year ended 31 July 2007 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, Group and University Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 36. 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 Further and Higher Education Funding Council.

We read other information contained in the Report of the University Court, responsibilities of the Court and the Corporate Governance Statement 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 Further and Higher Education 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 2007, 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 Further and Higher Education 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 Further and Higher Education Funding Council.

Ernst & Young LLP
Registered auditor
Glasgow

7 December 2007

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2007

	Notes	Consolidated Year ended 31 July 2007	Consolidated Year ended 31 July 2006
		£000	£000
INCOME			
Funding council grants	2	37,700	34,382
Tuition fees and education contracts	3	28,699	25,006
Research grants and contracts	4	27,830	27,798
Other income	5	22,044	19,786
Endowment income & interest receivable	6	2,058	1,790
Total income		118,331	108,762
EXPENDITURE			
Staff costs	7 & 9	73,331	65,310
Other operating expenses	9	34,824	31,840
Depreciation	9	8,058	7,383
Interest payable	9 & 10	2,525	1,909
Total expenditure		118,738	106,442
(Deficit) / Surplus before disposal of assets and taxation		(407)	2,320
Gain on disposal of assets		444	18,591
Surplus after disposal of assets but before taxation		37	20,911
Taxation		0	0
Surplus after disposal of assets and tax		37	20,911
Transfer from / (to) accumulated income within specific endowments		414	(261)
Surplus for the year retained within general reserves	11	451	20,650

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2007

	Notes	Year ended 31 July 2007	Year ended 31 July 2006
		£000	£000
Surplus after disposal of assets and taxation		37	20,911
Appreciation of endowment asset investments	22	2,439	2,227
Endowment movements	22	(412)	410
Revaluation of listed investment	23	(1,000)	235
Actuarial gain (loss)	30	<u>8,610</u>	<u>(1,620)</u>
Total recognised gains relating to the year		<u>9,674</u>	<u>22,163</u>
 Reconciliation			
Opening reserves and endowments		65,144	42,981
Total recognised gains relating to the year		9,674	22,163
Closing reserves and endowments		<u>74,818</u>	<u>65,144</u>

BALANCE SHEETS
As at 31 July 2007

	Notes	Group 31 July 2007 £000	Group 31 July 2006 £000	University 31 July 2007 £000	University 31 July 2006 £000
Fixed assets					
Intangible Assets	12	34	0	0	0
Negative Goodwill	12	0	(75)	0	0
Tangible Assets	13	133,035	124,457	127,231	118,323
Investments	14	757	1,722	1,861	2,826
Total fixed assets		<u>133,826</u>	<u>126,104</u>	<u>129,092</u>	<u>121,149</u>
Endowment assets	15	<u>37,878</u>	<u>36,264</u>	<u>37,878</u>	<u>36,264</u>
Current assets					
Stock		398	406	375	406
Debtors	16	10,353	23,926	15,268	28,688
Short Term Deposits		6,601	2,035	6,601	2,035
Cash at Bank and In Hand		2,396	413	2,114	328
Total current assets		<u>19,748</u>	<u>26,780</u>	<u>24,358</u>	<u>31,457</u>
Creditors : amounts falling due within one year	17	<u>(24,507)</u>	<u>(28,488)</u>	<u>(26,150)</u>	<u>(30,182)</u>
Net current (liabilities) / assets		<u>(4,759)</u>	<u>(1,708)</u>	<u>(1,792)</u>	<u>1,275</u>
Total assets less current liabilities		166,945	160,660	165,178	158,688
Creditors: amounts falling due after more than one year	18	(47,161)	(49,066)	(47,066)	(48,997)
Provision for liabilities and charges	20	(389)	(594)	(389)	(594)
Net assets excluding pension liability		119,395	111,000	117,723	109,097
Pension liability		(9,280)	(17,900)	(9,280)	(17,900)
NET ASSETS		<u>110,115</u>	<u>93,100</u>	<u>108,443</u>	<u>91,197</u>
Deferred capital grants	21	<u>35,297</u>	<u>27,956</u>	<u>34,856</u>	<u>27,490</u>
Endowment funds					
Specific	22	35,478	33,992	35,478	33,992
General	22	2,400	2,272	2,400	2,272
Total endowments		<u>37,878</u>	<u>36,264</u>	<u>37,878</u>	<u>36,264</u>
Reserves:					
Revaluation reserve	23	465	1,465	465	1,465
General reserve excluding pension liability		45,755	45,315	44,524	43,878
Pension liability	30	(9,280)	(17,900)	(9,280)	(17,900)
Total Reserves		<u>36,940</u>	<u>28,880</u>	<u>35,709</u>	<u>27,443</u>
TOTAL FUNDS		<u>110,115</u>	<u>93,100</u>	<u>108,443</u>	<u>91,197</u>

Approved by the University Court of the University of St. Andrews on 7 December 2007 and signed on its behalf by:

Dr Brian A. Lang, Principal and Vice-Chancellor

Professor Ewan Brown, Senior Governor

Derek A. Watson, Quaestor and Factor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2007

	Notes	Year ended 31 July 2007	Year ended 31 July 2006
		£000	£000
Cash flow from operating activities	24	18,560	5,056
Returns on investments and servicing of finance	25	(537)	(229)
Capital expenditure and financial investment	26	(5,290)	(8,762)
Acquisition	27	(68)	0
Financing	28	(4,696)	4,785
Increase in cash in period		<u><u>7,969</u></u>	<u><u>850</u></u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		7,969	850
Cash inflow from new secured loans	28	(274)	(4,785)
Cash outflow repaying old loan	28	<u>4,970</u>	<u>0</u>
Change in net debt resulting from cash flows	29	12,665	(3,935)
Preference shares in subsidiary undertaking	29	(95)	0
Net debt at 1 August 2006		(52,290)	(48,355)
Net debt at 31 July 2007	29	<u><u>(39,720)</u></u>	<u><u>(52,290)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the University and all material subsidiary undertakings as listed in the notes to the accounts for the financial year to 31 July 2007. The activities of the Students' Association have not been consolidated as the University does not control these activities.

Recognition of income

Income from the Scottish Further and Higher Education Funding Council is recognised in the period for which it is received.

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

Income from research grants and contracts, and other services rendered is included in income to the extent of the completion of the contract or service concerned.

Income from endowments is recognised in the income and expenditure account on a receivable basis. Any difference between the income earned on a specific endowment and the expenditure applied to the specific purpose is transferred from the income and expenditure account to the specific endowment fund after the result of the year is struck.

Goodwill

On the acquisition of a subsidiary or associated undertaking, fair values are assigned to the net assets acquired. Where the fair value exceeds the purchase price, the difference is treated as negative goodwill and is released to the Income & Expenditure Account in the period in which the non-monetary assets acquired are recovered. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years.

Land and buildings

Freehold land is not depreciated.

The University depreciates buildings over their useful lives as assessed by an independent expert valuer.

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

Leasehold property is written off over the remaining life of the lease.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

Land and buildings (Cont'd)

Where properties are acquired or improved with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful lives of the buildings or services.

Finance costs that are directly attributable to the construction of land and buildings are capitalised as part of the costs of those assets.

Equipment

Equipment costing less than £10,000 is written off 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 it 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.

Cash Flows and Liquid Resources

Cash Flows comprise increases and decreases in cash. Cash includes cash in hand and at the bank, deposits repayable on demand and bank overdrafts.

Liquid Resources include term deposits held as part of the University's treasury management activities.

Pension costs

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 institution's share of the underlying assets and liabilities of the scheme; therefore contributions are accounted for as if it were a defined contribution scheme.

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

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 2007

Investments

Listed investments are stated at market value and heritable property investments held as endowment assets are stated at open market value. Investments, which are not listed are stated at cost less any provision for impairment of their value. Temporary deposits are included at the lower of cost or net realisable value.

Stocks

Stocks for resale and other stocks of material value are included at the lower of their cost or net realisable value.

University Collections

The University holds a number of valuable collections that are not included in the balance sheet. Advice was sought from the University Advisory Committee on Collections and Exhibitions and on 22 September 1993 approximate valuations were obtained for the main holdings of the University. These valuations are disclosed in Note 36.

Provisions

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

Taxation

The University of St. Andrews is a tax-exempt charity. 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. Except for its trading activities and certain consultancy and research activities, the University cannot recover the Value Added Tax suffered on its expenditure and this cost is included under the various related expenditure heads.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

2 FUNDING COUNCIL GRANTS	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
SFC HE recurrent teaching grant	18,656	18,215
SFC recurrent research grant	15,302	13,332
Release of deferred capital grants (note 21)	1,588	1,309
Other SFC grants	2,154	1,526
	<u>37,700</u>	<u>34,382</u>
3 TUITION FEES AND EDUCATION CONTRACTS	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
UK and EU fees	8,230	7,205
Non-EU fees	17,087	14,568
UK and EU Part-Time Students	130	178
Non EU Part-Time Students	16	37
Research training support grants	1,409	1,300
Short course fees	1,734	1,628
Other fees	93	90
	<u>28,699</u>	<u>25,006</u>
4 RESEARCH GRANTS AND CONTRACTS	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Research Councils	14,602	15,146
UK government bodies, local and health authorities	5,632	4,481
UK based charities	3,306	2,573
UK Industry, commerce and public corporations	1,036	930
EU Government bodies	2,128	2,552
EU other	77	39
Other overseas	1,259	1,019
Other sources	83	41
Total of direct cost and overhead recovered	<u>28,123</u>	<u>26,781</u>
Income deferred to match capitalised purchases (note 21)	(2,009)	(894)
Release of deferred capital grant for research grant (note 21)	1,716	1,911
Total research grants and contracts	<u>27,830</u>	<u>27,798</u>
5 OTHER INCOME	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Residences, catering and conferences	15,327	13,877
Other income generating activities	72	75
Released from deferred capital grants (note 21)	354	282
Release of negative goodwill	75	313
Gifts & Donations	616	642
Academic Conferences	522	502
Consumables and services recharged to research partner	628	461
Other operating income	4,450	3,634
Total other income	<u>22,044</u>	<u>19,786</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

6 ENDOWMENT INCOME AND INTEREST RECEIVABLE	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Other finance income (note 30)	70	110
Income from general endowment asset investments (note 22)	53	56
Income from specific endowment asset investments (note 22)	1,146	1,497
Other interest receivable	789	127
Total endowment income and interest receivable	<u>2,058</u>	<u>1,790</u>
7 STAFF COSTS	Year ended 31 July 2007 Number	Year ended 31 July 2006 Number
Average staff numbers by major category:		
Academic / Teaching departments	480	442
Academic / Teaching services	84	89
Research grants and contracts	312	315
Administration and central services	756	696
Premises	235	212
Catering and residences	400	390
Total	<u>2,267</u>	<u>2,144</u>
Staff Costs:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Wages and salaries	60,622	53,829
Social security costs	5,027	4,384
Other pension costs	7,682	7,097
Total staff costs (note 9)	<u>73,331</u>	<u>65,310</u>
Remuneration of higher paid staff (excluding employer's Pension contributions)	Number	Number
£70,001 - £80,000	32	31
£80,001 - £90,000	25	19
£90,001 - £100,000	11	3
£100,001- £110,000	2	2
£110,001 - £120,000	1	1
£120,001 - £130,000	2	2
£180,001 - £190,000	1	0
£190,001- £200,000	1	2
Total	<u>75</u>	<u>60</u>
8 EMOLUMENTS OF PRINCIPAL	£000	£000
Salary	199	197
Benefits in kind	11	12
Total emoluments	<u>210</u>	<u>209</u>

The emoluments of the Principal exclude pension contributions to U.S.S, which are paid at the same rate as for other academic staff and amounted to £14,784 (2005/06: £14,784)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs	Depn	Other Operating Expenses	Interest Payable	Total
	£000	£000	£000	£000	£000
Year ended 31 July 2007					
Teaching departments	38,161	952	8,323	0	47,436
Teaching support services	3,787	16	2,246	0	6,049
Administration	7,349	698	4,194	145	12,386
Premises	3,780	2,617	4,721	0	11,118
Research Grants & Contracts	13,624	1,716	7,287	0	22,627
Residences, Catering & Conferences	4,232	2,059	4,619	2,380	13,290
Other Expenses	2,338	0	3,434	0	5,772
Pension operating charge	60	0	0	0	60
	73,331	8,058	34,824	2,525	118,738

	Staff Costs	Depn	Other Operating Expenses	Interest Payable	Total
	£000	£000	£000	£000	£000
Year ended 31 July 2006					
Teaching departments	34,265	0	7,549	0	41,814
Teaching support services	3,157	0	2,070	0	5,227
Administration	6,256	1,554	3,412	(10)	11,212
Premises	3,321	2,057	4,202	0	9,580
Research Grants & Contracts	12,264	1,912	7,360	0	21,536
Residences, Catering & Conferences	3,910	1,860	4,883	1,919	12,572
Other Expenses	1,847	0	2,364	0	4,211
Pension operating charge	290	0	0	0	290
	65,310	7,383	31,840	1,909	106,442

Other operating expenses include:

	2006/07 £000	2005/06 £000
Auditors' remuneration		
External audit – audit services	46	40
External audit - non audit services	4	0
Internal audit	52	43
Hire of plant and equipment	60	84

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

10 INTEREST PAYABLE	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Bank overdraft	21	18
Interest paid to endowments	43	30
Bank loan	<u>2,461</u>	<u>1,861</u>
Total interest payable (Note 9)	<u><u>2,525</u></u>	<u><u>1,909</u></u>
11 SURPLUS FOR THE YEAR RETAINED WITHIN GENERAL RESERVES	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
The surplus for the year retained within general reserves is:		
University's surplus retained for the year	193	20,586
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	<u>464</u>	<u>126</u>
	657	20,712
Subsidiary (loss)	(112)	(335)
Consolidation adjustments		
Negative goodwill amortised	75	313
Depreciation on fair value uplift	(40)	(40)
Goodwill amortised	<u>(129)</u>	<u>0</u>
	(94)	273
Surplus retained by group	<u><u>451</u></u>	<u><u>20,650</u></u>
12 INTANGIBLE ASSETS	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Negative Goodwill		
As at 1 August 2006	(75)	(938)
Further consideration for prior year acquisition	0	550
Amortised in year	<u>75</u>	<u>313</u>
At 31 July 2007	<u><u>0</u></u>	<u><u>(75)</u></u>
Goodwill	£000	£000
As at 1 August 2006	0	0
Acquisition of subsidiary undertaking	163	0
Amortised in year	<u>(129)</u>	<u>0</u>
At 31 July 2007	<u><u>34</u></u>	<u><u>0</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

**13 TANGIBLE FIXED ASSETS
GROUP**

	Land & Buildings		Assets under Construct'n £000	Equipment & Furniture £000	Total £000
	Freehold £000	Leasehold £000			
Cost					
At 1 August 2006	118,221	73	13,901	38,477	170,672
Additions	1,087	0	12,169	3,977	17,233
Transfers	17,828	0	(19,770)	1,942	0
Disposals	(878)	0	0	(41)	(919)
At 31 July 2007	136,258	73	6,300	44,355	186,986
Depreciation					
At 1 August 2006	16,238	53	0	29,924	46,215
Charge for Period	3,945	2	0	4,111	8,058
Disposals	(298)	0	0	(24)	(322)
At 31 July 2007	19,885	55	0	34,011	53,951
Net Book Value					
At 31 July 2007	116,373	18	6,300	10,344	133,035
At 31 July 2006	101,983	20	13,901	8,553	124,457
Financed by capital grant	24,897	0	3,834	6,566	35,297
Other	91,476	18	2,466	3,778	97,738
Net book value at 2007	116,373	18	6,300	10,344	133,035

UNIVERSITY only

	Land & Buildings		Assets under constr'n £000	Equipment & Furniture £000	Total £000
	Freehold £000	Leasehold £000			
Cost					
At 1 August 2006	111,956	73	13,901	37,988	163,918
Additions	1,087	0	12,151	3,977	17,215
Transfers	17,809	0	(19,752)	1,943	0
Disposals	(878)	0	0	(41)	(919)
At 31 July 2007	129,974	73	6,300	43,867	180,214
Depreciation					
At 1 August 2006	15,930	53	0	29,612	45,595
Charge for Period	3,724	2	0	3,984	7,710
Disposals	(298)	0	0	(24)	(322)
At 31 July 2007	19,356	55	0	33,572	52,983
Net book value					
At 31 July 2007	110,618	18	6,300	10,295	127,231
At 31 July 2006	96,026	20	13,901	8,376	118,323
Financed by capital grant	24,456	0	3,834	6,566	34,856
Other	86,162	18	2,466	3,729	92,375
Net book value at 2007	110,618	18	6,300	10,295	127,231

Included within fixed assets is an amount of £959,448 (2005/06 - £879,385) of capitalised finance costs. £80,063 of finance costs were capitalised during 2006/07. A monthly capitalisation rate was used which averaged at 5.46% for the year.

Buildings and equipment with a cost of £23,613,553 and a net book value of £17,797,508 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 Scottish Further and Higher Education Funding Council.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

14 INVESTMENTS

	Non - Subsidiaries £000	Subsidiaries £000	Total £000
As at 1 Aug 2006	1,722	1,104	2,826
Additions	36	0	36
Revaluation	(1,000)	0	(1,000)
Disposal	(1)	0	(1)
At 31 July 2007	<u>757</u>	<u>1,104</u>	<u>1,861</u>

Subsidiary companies:

The University owns 100% of the following operating subsidiaries

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

On 17 January 2006, the University acquired the whole share capital of Photosynergy Ltd. (previously a 50/50 joint venture with Ferranti Photonics Holdings Ltd.) With the expected development of this company it has now been consolidated into the group accounts. On acquisition, the fair value of the consideration paid in respect of Photosynergy Ltd. was more than the fair value of the liabilities acquired resulting in the creation of goodwill in the University's consolidated accounts. The calculation of goodwill is outlined below:

Analysis of the acquisition of Photosynergy Ltd.

	Book Value £000	Fair Value Adjustment £000	Fair value to group £000
Fixed Assets	101	0	101
Stock	27	0	27
Debtors	0	0	0
Cash	2	0	2
Creditors due within one year	(148)	0	(148)
Creditors due after more than one year	(112)	0	(112)
Accruals & deferred income	(33)	0	(33)
	<u>(163)</u>	<u>0</u>	<u>(163)</u>
Goodwill			<u>163</u>
			<u>-</u>
Satisfied by:			<u>-</u>
Cash			<u>-</u>

Non-subsidiary companies

£1.0 million of the decrease in investments relates to the revaluation of the University's investment in IDMoS plc.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

15 ENDOWMENT ASSET INVESTMENTS

	As at 31 July 2007 £000	As at 31 July 2006 £000
Group & University		
Balance as at 1 August	36,264	33,366
Additions	1,110	766
Disposals	(1,453)	(2)
Appreciation	2,439	2,227
Debtor movement	(480)	(62)
Cash movement	(2)	(31)
Balance as at 31 July	37,878	36,264
Represented by:		
Fixed Interest Stocks	6,788	6,027
Equities	28,792	27,621
Land & Property	1,130	966
Amounts included within short term deposits	876	1,464
Debtors	292	184
Bank, Building Society & Other Deposits	0	2
Total Endowment Assets	37,878	36,264

16 DEBTORS

	Group As at 31 July 2007 £000	Group As at 31 July 2006 £000	University As at 31 July 2007 £000	University As at 31 July 2006 £000
Amounts falling due within one year:				
Trade debtors	2,478	1,799	2,384	1,884
European funding	758	697	758	697
Debts due from students	562	592	562	592
Amounts owed by group undertakings	0	0	5,009	4,677
Prepayments and accrued income	6,511	6,709	6,511	6,709
Other debtors	44	14,129	44	14,129
	10,353	23,926	15,268	28,688

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group As at 31 July 2007 £000	Group As at 31 July 2006 £000	University As at 31 July 2007 £000	University As at 31 July 2006 £000
Unsecured Loans	1,877	0	1,877	0
Bank overdraft	18	1,440	0	1,422
Short term loan	0	4,500	0	4,500
Payments received in advance	12,070	10,946	12,070	10,946
Trade creditors	4,728	4,303	4,710	4,303
Other creditors & accruals	3,264	4,472	3,022	4,379
Amounts held on behalf of endowment	875	1,464	875	1,464
Amounts owed to group undertakings	0	0	1,976	1,806
Social security & other tax payable	1,675	1,363	1,620	1,362
Total	24,507	28,488	26,150	30,182

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

**18 CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	Group As at 31 July 2007	Group As at 31 July 2006	University As at 31 July 2007	University As at 31 July 2006
Unsecured loan	46,727	48,800	46,727	48,800
Cumulative convertible redeemable pref	95	0	0	0
Other long term creditors	339	266	339	197
	<u>47,161</u>	<u>49,066</u>	<u>47,066</u>	<u>48,997</u>

19 BORROWINGS

	Group As at 31 July 2007 £000	Group As at 31 July 2006 £000	University As at 31 July 2007 £000	University As at 31 July 2006 £000
Bank Loans and Overdrafts are repayable as follows:				
In one year or less	1,895	5,940	1,877	5,922
Between one and two years	1,877	1,877	1,877	1,877
Between two and five years	7,781	7,508	7,781	7,508
In five years or more	37,069	39,415	37,069	39,415
Total repayable	<u>48,622</u>	<u>54,740</u>	<u>48,604</u>	<u>54,722</u>

20 PROVISIONS FOR LIABILITIES & CHARGES

	As at 31 July 2007 £000
FSSU Unfunded Pension Benefits	
At 1 August 2006	62
Expenditure in the period	(8)
Increase in provision required	<u>2</u>
At 31 July 2007	56
Early Retirement & Restructuring Provision	
At 1 August 2006	532
Addition in the year	72
Released in the period	<u>(271)</u>
At 31 July 2007	333
Total provisions at 31 July 2007	<u>389</u>

Watson Wyatt, an independent firm of actuaries, carried out a valuation of the existing pension provision at 31 July 2007. Persons retiring under the F.S.S.U. scheme, or who have already retired under the scheme, are entitled as of right to additional benefits that may arise under the F.S.S.U. Supplementation Scheme. These additional benefits are unfunded and are paid, as and when they arise, direct to retired members by Court and are charged against a provision established when members retire to meet this liability.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

21 DEFERRED CAPITAL GRANTS	SFC £000	Research £000	Other £000	Total £000
As at 1st August 2006				
Buildings	17,148	0	4,789	21,937
Equipment	2,630	3,365	24	6,019
Reallocations				
Total	<u>19,778</u>	<u>3,365</u>	<u>4,813</u>	<u>27,956</u>
Received				
Buildings	7,234	0	887	8,121
Equipment	547	2,009	437	2,993
Total	<u>7,781</u>	<u>2,009</u>	<u>1,324</u>	<u>11,114</u>
Disposals				
Buildings	(101)	0	(14)	(115)
Released to Income				
Buildings	(894)	0	(318)	(1,212)
Equipment	(694)	(1,716)	(36)	(2,446)
Total	<u>(1,588)</u>	<u>(1,716)</u>	<u>(354)</u>	<u>(3,658)</u>
At 31 July 2007				
Buildings	23,387	0	5,344	28,731
Equipment	2,483	3,658	425	6,566
Group Total	<u>25,870</u>	<u>3,658</u>	<u>5,769</u>	<u>35,297</u>
University of St Andrews Gateway Ltd				
Buildings	441	0	0	441
University Total	<u>25,429</u>	<u>3,658</u>	<u>5,769</u>	<u>34,856</u>

22 ENDOWMENT FUNDS

	Specific £000	General £000	2007 Total £000	2006 £000
Group and University				
At 1 August 2006	33,992	2,272	36,264	33,366
Additions	(412)	0	(412)	410
Appreciation	2,311	128	2,439	2,227
Income for year	1,146	53	1,199	1,553
Expenditure for year	(1,559)	(53)	(1,612)	(1,292)
At 31 July 2007	<u>35,478</u>	<u>2,400</u>	<u>37,878</u>	<u>36,264</u>
Representing				
Chairs and lectureships	9,871	0	9,871	9,347
Other specific purposes	8,486	0	8,486	12,222
Scholarships and bursaries	16,199	0	16,199	11,556
Prize funds	922	0	922	867
Other funds	0	2,400	2,400	2,272
Total	<u>35,478</u>	<u>2,400</u>	<u>37,878</u>	<u>36,264</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

23 MOVEMENT ON RESERVES	Group	Group	University	University
	Year ended	Year ended	Year ended	Year ended
	31 July 2007	31 July 2006	31 July 2007	31 July 2006
	£000	£000	£000	£000
Revaluation reserve				
At 1 August 2006	1,465	1,230	1,465	1,230
Revaluation of investments in the year	<u>(1,000)</u>	<u>235</u>	<u>(1,000)</u>	<u>235</u>
At 31 July 2007	<u>465</u>	<u>1,465</u>	<u>465</u>	<u>1,465</u>

Income and expenditure account reserve

At 1 August 2006	27,415	8,385	25,978	6,886
Surplus retained for the year	451	20,650	657	20,712
Actuarial Gain (Loss)	<u>8,610</u>	<u>(1,620)</u>	<u>8,610</u>	<u>(1,620)</u>
At 31 July 2007	<u>36,476</u>	<u>27,415</u>	<u>35,245</u>	<u>25,978</u>

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

	Year ended	Year ended
	31 July 2007	31 July 2006
	£000	£000
Surplus before tax	37	20,911
Depreciation	8,058	7,383
Amortisation of negative goodwill	(75)	(313)
Amortisation of goodwill	129	0
Deferred capital grants released to income	(3,658)	(3,502)
Investment income	(2,058)	(1,790)
Profit on sale of tangible fixed assets	(444)	(18,591)
Interest payable	2,525	1,909
Difference between pension contributions paid and amounts recognised in the Income and Expenditure account	60	290
Decrease in stocks	8	40
Decrease / (increase) in debtors	13,573	(1,673)
Increase / (decrease) in creditors	610	(136)
(Decrease) / increase in provisions	(205)	528
Net cash inflow from operating activities	<u>18,560</u>	<u>5,056</u>

25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended	Year ended
	31 July 2007	31 July 2006
	£000	£000
Income from endowments	1,199	1,553
Other interest received	789	127
Interest paid	<u>(2,525)</u>	<u>(1,909)</u>
	<u>(537)</u>	<u>(229)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

26 CAPITAL EXPENDITURE & FINANCIAL INVESTMENT

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Purchase of tangible fixed assets	(17,233)	(18,020)
Purchase of investments	(35)	0
Payments to acquire endowment assets	(1,110)	(766)
Sales of tangible fixed assets	1,354	5,434
Receipts from sales of endowment asset investments	1,110	2
Deferred capital grants received	10,650	4,178
Endowments disposed	(343)	0
Endowments received	317	410
	<u>(5,290)</u>	<u>(8,762)</u>

27 ACQUISITIONS

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Liabilities acquired with subsidiary undertaking	<u>68</u>	<u>0</u>

28 FINANCING

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Short term loan	0	4,500
Repayment of short term loan	(4,500)	0
New unsecured loan	274	285
Repayment of long term loan	(470)	0
Net cash (outflow) inflow from financing	<u>(4,696)</u>	<u>4,785</u>

29 ANALYSIS OF CHANGE IN NET DEBT

	At 1 Aug 2006 £000	Cash Flows £000	Non-cash Movement £000	31 July 2007 £000
Cash				
at Bank and in hand	2,448	6,549	0	8,997
Endowment cash	2	(2)	0	0
Bank overdraft	(1,440)	1,422	0	(18)
	<u>1,010</u>	<u>7,969</u>	<u>0</u>	<u>8,979</u>
Debt due within one year				
Short term loan	(4,500)	4,500	(1,877)	(1,877)
Debt due after one year				
Unsecured loan	(48,800)	196	1,877	(46,727)
Preference Shares			(95)	(95)
Total	<u>(52,290)</u>	<u>12,665</u>	<u>(95)</u>	<u>(39,720)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

30 PENSION ARRANGEMENTS

The University promotes membership of two separate pension schemes for its staff. These are outlined separately below.

Universities Superannuation Scheme (U.S.S.)

The Universities Superannuation Scheme (U.S.S.) is a 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. It is not possible to identify each participating institution's share of the underlying assets and liabilities of the scheme and contributions to the scheme are therefore 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 funds are valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the schemes 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 schemes after making suitable allowances for future withdrawals.

The latest actuarial valuation of the scheme was at 31st March 2005. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on the investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21,739 million and the value of the past service liabilities was £28,308 million leaving a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits that had accrued to members after allowing for expected future increases in earnings.

An estimate by the scheme's actuaries of the market value of the assets of the scheme at 31st March 2007 was £30,064 million and the value of the past service liabilities as at 31st March 2007 was £27,582 million resulting in a surplus of £2,482 million at that date. The assets therefore were sufficient to cover 109% of the benefits that had accrued to members after allowing for expected future increases in earnings. It should be noted that these calculations are an estimate only.

It was agreed that the institution contribution rate be maintained at 14% of salaries and the employee contribution should remain at 6.35%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2008 when the above rates will be reviewed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

30 PENSION ARRANGEMENTS (continued)

The total USS pension cost for the institution was £5.637million (2005/2006 - £4.977 million). This includes £0.409million (2005/2006 - £0.409million) of outstanding contributions at the balance sheet date. The contribution rate payable by the University was 14% of pensionable salaries. Employees' regular contributions were £2.565 million (2005/2006 - £2.264 million) and £0.313 million (2005/2006 - £0.206 million) in respect of additional voluntary contributions.

St. Andrews University Superannuation & Life Assurance Scheme (S.& L.A.S.)

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 2007 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

	Year ended 31 July 2007	Year ended 31 July 2006	Year ended 31 July 2005
Rate of increase in salaries	4.10%	3.90%	4.20%
Rate of increase in benefits accruing prior to 6 April 2006	3.10%	2.90%	2.70%
Rate of increase in benefits accruing from 6 April 2006	2.50%	2.50%	n/a
Discount Rate	5.80%	5.10%	5.00%
Inflation assumption	3.10%	2.90%	2.70%

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 2007	Value at 31 July 2007 £000	Long term rate of return expected at 31 July 2006	Value at 31 July 2006 £000	Long term rate of return expected at 31 July 2005	Value at 31 July 2005 £000
Equities	8.00%	38,830	8.00%	32,650	8.00%	29,200
Bonds	5.10%	5,930	4.60%	5,350	4.40%	5,500
Property	6.55%	0	6.30%	0	6.20%	300
Others	4.10%	160	3.90%	1,100	3.70%	900
		44,920		39,100		35,900

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

	As at 31 July 2007 £000	As at 31 July 2006 £000	As at 31 July 2005 £000
Total market value of scheme assets	44,920	39,100	35,900
Present value of scheme liabilities	<u>(54,200)</u>	<u>(57,000)</u>	<u>(52,000)</u>
Deficit in scheme - Net pension liability	<u>(9,280)</u>	<u>(17,900)</u>	<u>(16,100)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

30 PENSION ARRANGEMENTS (continued)

Analysis of amounts charged to income and expenditure account:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Current service cost	2,070	2,110
Total operating charge	<u>2,070</u>	<u>2,110</u>

Analysis of net finance return / (charge) on pension scheme:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Expected return on pension scheme assets	2,930	2,660
Interest on pension liabilities	(2,860)	(2,550)
Net return /(charge)	<u>70</u>	<u>110</u>

Analysis of amount recognised in statement of total recognised gains and losses:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Actual return less expected return on pension scheme assets	1,800	(170)
Experienced gains and (losses) arising on scheme liabilities	(790)	(450)
Changes in assumptions underlying the present value of scheme liabilities	7,600	(1,000)
Actuarial gain (loss) recognised in statement of total recognised gains & losses	<u>8,610</u>	<u>(1,620)</u>

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

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Deficit on scheme at 1 August 2006	(17,900)	(16,100)
<i>Movement in year:</i>		
Current service cost	(2,070)	(2,110)
Contributions	2,010	1,820
Past service costs	0	0
Other finance income / (charge)	70	110
Actuarial gain (loss)	8,610	(1,620)
Deficit on scheme at 31 July 2007	<u>(9,280)</u>	<u>(17,900)</u>

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

20.23%	20.23%
--------	--------

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

30 PENSION ARRANGEMENTS (continued)

History of experience gains and losses:	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets				
Amount (£'000)	(1,800)	170	(3,708)	(513)
Percentage of scheme assets	4.01%	0.43%	10.3%	1.8%
Experience gains and losses on scheme liabilities				
Amount (£'000)	790	450	1,033	(32)
Percentage of the present value of the scheme liabilities	1.46%	0.79%	2.0%	0.1%
Total amount recognised in the statement of total recognised gains and losses				
Amount (£'000)	8,610	(1,620)	(2,325)	3,645
Percentage of the present value of the scheme liabilities	15.89%	2.84%	4.5%	8.5%

31 CAPITAL COMMITMENTS	Year ended	
	31 July	
	2007	2006
	£000	£000
Commitments contracted for at 31 July	6,345	3,635

32 FINANCIAL COMMITMENTS: OPERATING LEASES	Year ended	
	31 July	
	2007	2006
	£000	£000
Equipment: Expiring within two to five years inclusive	46	54

33 RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition Court (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. A review of the register of interests of Court Members was made and in accordance with FRS8, the following material related party transactions were identified. The Principal of the University, Dr Brian Lang, is also on the board of Scottish Enterprise, Fife. St Andrew's University recognised income of £434,461 (2005/06; £155,957) from Scottish Enterprise, Fife. £424,326 related to Commercialisation and Business Development while £10,135 was in payment of rent. At the year end there was no creditor or debtor.

34 POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2007

35 HE BURSARIES AND OTHER STUDENT SUPPORT FUNDS

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

	2006-07	2006-07	2006-07	2005-06
	HE Childcare £000	HE Hardship £000	Total £000	Total £000
Balance b/fwd	3	0	3	1
Allocation received in the year	28	295	323	274
Expenditure	(17)	(314)	(331)	(280)
Institution contribution to funds	1	7	8	8
Virements	(12)	12	0	0
Balance c/fwd	3	0	3	3
Retained by institution for students	3	0	3	3

36 UNIVERSITY COLLECTIONS

Court holds a number of valuable collections that are not included in the balance sheet. The main collections which have been identified and their indicative values as at 22 September 1993 are as follows:

	£000
Art and Silver	4,236
Historical instruments	2,143
Muniments (historical photographs etc.)	210
Historical furniture and furnishings	330
Bell Pettigrew collection	651
Other departmental collections	165
Books including rare volumes and manuscripts	67,550
	75,285