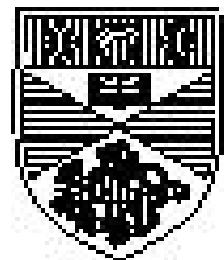


*Reports and
Financial Statements
of the University Court*

For the year to 31 July 2000

University of St Andrews



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The Rector, *President*

Mr. D. R. Findlay (until 22 October 1999)
Mr. A. F. Neil (appointed 22 October 1999)

The Principal

Professor Struther Arnott (resigned 31 December 1999)

The Master of the United College of St. Salvator and St. Leonard and Acting Principal

Professor C. A. Vincent

The Provost of St. Leonard's College

Professor P. F. Esler

The Chancellor's Assessor

Emeritus Professor D. B. Thomas

The Rector's Assessor

Ms. Fiona Morris (resigned 22 October 1999)
Mr. Barry Joss (from 22 October 1999)

Fife Council

Mr. J. McDougall, Convener
Mr. A. D. Arbuckle, Convener's Nominee

Assessors of the General Council

Mr. D. P. Hamilton (until 31 July 2000)
Mr. D. F. Macgregor (until 31 July 2000)
Mr. J. F. Matthews
Mr. D. S. Mundie

Assessors of the Senatus Academicus

Dr. D. P. Cobham
Professor I. A. Johnston
Professor M. Johnston
Miss A. J. Kettle
Professor M. M. H. Malek
Professor R. A. Piper

Co-opted Members

Mr. S. J. Durrant (until 30 June 2000)
Mr. M. A. W. Booth (from 1 July 2000)
Mr. A. M. MacIntyre
Sir David Carter (resigned 5 July 2000)
Mr. J. B. Mackie
Dr. J. D. O. Morris (Senior Governor and Vice-President of Court)
Mrs. J. C. Ogilvy
Miss K. M. Patrick

Nominations Committee

Dr. J. D. O. Morris (Convener)
Miss A. J. Kettle
Professor D. B. Thomas
Dr. D. P. Cobham
Miss K. M. Patrick

Secretary: Mr. I. M. Wright

Planning and Resources Committee

Professor C. A. Vincent (Convener)
Professor P. E. Esler
Professor J. J. Sanderson
Miss A. J. Kettle
Professor P. J. Slater
Professor M. H. Dunn
Dr. M. P. Vysny
Mr. J. MacDougall
Mr. A. M. MacIntyre
Mr. J. F. Matthews
Mrs J. C. Ogilvy

Secretary: Mr. D. J. Corner

Audit Committee

Mr. D. S. Mundie (Convener),
Professor D. B. Thomas
Mr. G. R. C. Scott
Mr. W. Whyte

Secretary: Mr. I. M. Wright

Finance Committee

Mr. J. F. Matthews (Convener)
Professor C. A. Vincent
Mr. A. D. Arbuckle
Mr. A. M. MacIntyre
Miss K. M. Patrick

Secretary: Mr. A. Menzies

Salaries Committee

Dr. J. D. O. Morris (Convener)
Mr. A. M. MacIntyre
Professor C. A. Vincent
Miss K. M. Patrick

Scope of the financial statements

The accounts for the year to 31 July 2000 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions.

As noted in paragraph 13 of the statement of principal accounting policies (Page 13), these accounts have been prepared on a Historical Cost basis. The decision to revert to this basis of accounting reflects the view that the substantial cost of the regular asset re-valuations required by rigorous Current Cost accounting would not give rise to any benefits to the University

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 include and abide by 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 days.

Employment of disabled persons

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

Result for the year

The accounts show a deficit for the year of £2,258k. The University Court was advised early in 2000 that the deficit originally forecast in the Financial Plan would increase to £933k, due in significant part to unforeseen increases in utility costs. Subsequently, two major costs arose accounting for the further increase in deficit. Firstly, over-expenditure of £358k by the Sea Mammal Research Unit has proven to be irrecoverable in the short term and has had to be fully provided for. Secondly, an early retirement scheme part-funded by SHEFC together with a parallel internal initiative has given rise to net expenditure and provisions totalling £1,089k (net of a SHEFC contribution of £255k).

Income was below the expected level, with minor shortfalls in research grant growth and other operating income being only partially offset by slightly higher than expected income from funding council grants and tuition fees.

Expenditure was above the expected level principally because of sharply higher staff costs, which were only partly offset by significant savings on "other operating expenditure". The staff costs reflect the impact of the early retirement schemes referred to above as well as the staff profile established ahead of the 2001 Research Assessment Exercise.

The balance sheet displays the structural changes resulting from the implementation of long term financing arrangements and the consequent transformation of short-term indebtedness into long-term borrowing. Net current liabilities have been reduced to £12,488k (previous year £18,133k) as a consequence of this financial re-structuring.

The cash flow statement also shows a major impact from the financial re-structuring.

Conclusions

The out-turn for the year has undoubtedly been disappointing but there are a number of encouraging activities which should bear fruit in the medium term.

Since January 2000 major efforts have been made to achieve a significant improvement in the transparency of the budgetary process and to increase the involvement of members of the University in the overall planning process. These efforts have been widely welcomed in the University and will continue since they are vital to achieving more effective management and wider understanding of institutional strategy.

The accounts point to the need for continuing and even tighter control of costs. Better understanding of strategy and budgeting will be critical to securing widespread commitment to ongoing reduction / containment of costs. In the short term, the savings promised by the early retirement programmes must be delivered and constraints on staff recruitment imposed post-balance sheet must be rigorously observed.

It is also clear that the University needs to increase its income. Whilst it is encouraging to note that the Scottish Executive and SHEFC may be recognising implicitly the risks of applying "efficiency gains" over protracted periods and there may thus be some relief from the relentless squeeze on funding of recent years, the University must make even more strenuous efforts to help itself. Thus, better use must be made of existing funds, other assets must be made to work more effectively for the University and more money must be generated from non-public sources.

The above actions are not aimed solely at strengthening the University's balance sheet although this is an important objective. Rather, they are aimed at reducing the financial constraints upon the University's ambitions, the most important of which is to build on the academic excellence which it has improved so significantly over the past decade.

**John Matthews,
Convener of the Finance Committee,
College Gate,
St. Andrews.**

15 December 2000

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.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to 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 on Accounting for Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Higher Education Funding Council and the Court of the University of St. Andrews, the University 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, the 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. The 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.

The Court has responsibility to:

- ensure that funds from the Scottish Higher Education Funding Council 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;
- 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, heads of academic schools and administrative departments;

- a comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial performance, including updates of forecast outruns;
- 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 the University Court, and promulgated in the Financial Regulations and Procedures;
- comprehensive Financial Regulations, detailing financial controls approved by the University Court on the recommendation of the Finance Committee;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Court and whose head provides the 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.

The University is committed to best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the combined Code on Corporate Governance issued by the London Stock Exchange in June 1988. Its purpose is to help the reader of the accounts understand how the principles have been applied.

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

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

The University Court is of the view that the introduction of a new committee structure from 1 August 2000 will, *inter alia*, establish a process, principally through the Risk Management Committee and the Audit Committee, for the identification, evaluation and management of the University's significant risks.

The University Court met six times during 1999/2000, and has a number of committees to which it delegates particular areas of responsibility. The decisions and recommendations of these committees are formally reported to Court. The committees include a Nominations Committee, an Audit Committee, a Finance Committee and a Salaries Committee. All of these Committees are formally constituted with terms of reference (outlined in an annual publication "Standing Committees of the University: Membership and Remit").

The Nominations Committee identifies and recommends persons for co-opted membership of the University Court; advises Court on matters pertaining to membership; makes recommendations to Court on appointment of Vice-Presidents and on the representation of Court on external bodies; makes recommendation or representations to Court on matters pertaining to its working practices and code of conduct for members; and reaches nominations with regard to membership of the Audit and Salaries Committees.

The Audit Committee consists of lay members of Court supplemented by additional co-opted expert lay members to assist it in its role. The Committee meets with the External Auditors and Internal Auditors of the University and reviews their work. The Committee considers detailed audit reports together with recommendations for improvement of the University's system of internal control, management responses and implementation plans in the light of these recommendations, and conducts follow up procedures. It also receives reports from the Scottish Higher Education Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. The Committee reviews the University's annual Financial Statements and accounting policies, giving the Finance Committee appropriate advice on their contents. 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 Finance Committee considers the content of the annual Financial Statements in the light of appropriate advice from the Audit Committee, submitting the statements to Court for approval; considers and advises Court upon the annual budget; conducts periodic reviews of actual and projected income and expenditure; reviews the accounts of subsidiary companies and other appropriate bodies; and reviews the effectiveness of financial management.

The Salaries Committee considers the recommendations of the Principal in relation to discretionary salary awards, ensuring appropriate fiscal control and the exercise of fairness and determines, through its Court lay members, the salary of the Principal.

The University Court has been highly proactive in relation to governance matters and has, in the light of the **Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks** (SHEFC Circular 05/99), recently:

- designed a reconstituted and smaller Court which will be put in place as soon as Privy Council approval has been obtained;
- approved important documents on the Role and Authority of the Principal, the Role of the Clerk, and Public Interest Disclosure together with other miscellaneous provisions in relation, for example to the disqualification of Court members;
- established, in 1997/1998 the post of Senior Governor;
- revised, with effect from 1 August 2000, the entire Court conciliar structure through the introduction of the following structure of committees, formally constituted with revised terms of reference:
 - Academic Audit Committee
 - Audit Committee
 - Equal Opportunities Committee
 - Finance Committee
 - Information Policy Committee
 - Nominations Committee
 - Planning and Resources Committee
 - Remuneration Committee
 - Risk Management Committee
 - Staff Committee
 - Student Services Committee
- formulated its approach to the introduction (from 1 August 2000) of performance appraisal of Court members;
- submitted all of the above reform to a review by internal auditors whose report was received at the Audit Committee's meeting on 10 October 2000, and at Court on 27 October 2000.

We have audited the financial statements on pages 12 to 28 which have been prepared under the historical cost convention as modified by the revaluation of endowment asset investments, and the accounting policies set out on pages 12 to 13.

Respective responsibilities of the Court and Auditors

The University Court is responsible for preparing the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Scottish Higher Education Funding Council and our profession's ethical guidance.

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 on Accounting for Further and Higher Education Institutions. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Scottish Higher Education Funding Council.

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

We read the other information contained in the Report of the Convener of the Finance Committee and Corporate Governance statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of our opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish 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 judgements made by the Court in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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:

- i. the financial statements give a true and fair view of the state of affairs of the University and of the group at 31 July 2000 and of the group's deficit for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions;

- ii. income from Scottish Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purpose for which they were received; and
- iii. income has been applied in accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966 governing the University and, where appropriate, with the Financial Memorandum dated 1 August 1996 (incorporating 1998 revisions) with the Scottish Higher Education Funding Council.

**Ernst & Young,
Registered Auditor,
EDINBURGH.**

15 December 2000

1. **Accounting convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments, and in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions (“SORP”), together with applicable accounting standards and in accordance with the following accounting policies.

2. **Basis of consolidation**

The consolidated income and expenditure account and balance sheet include the financial statements of the University and all subsidiary undertakings as listed in the notes to the accounts for the financial year to 31 July 2000. The activities of the Students’ Association have not been consolidated as the University does not control these activities.

3. **Land and buildings**

The University has taken the opportunity presented under FRS15 to move away from stating land and buildings at valuation, and has reverted to known Historic Cost as at 1 August 1993 and subsequent additions at cost. This represents a change in accounting policy and prior year’s results have accordingly been restated. Land is held freehold and is not depreciated as it is considered to have indefinite useful life. Freehold buildings are written off at the rate of 1% to 25% per annum on valuation. Leasehold property is written off over the remaining life of the lease.

Where buildings are acquired 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 life of the buildings.

4. **Equipment**

Equipment costing less than £10,000 is written off in the year of acquisition. In 1994/95, for the first time, and in line with the SORP, all other equipment and furnishings for general University use, and in use on research grant contracts were capitalised. Previously, only expenditure on a new telecommunications system and on furnishings for New Hall had been capitalised as equipment. Capitalised equipment and furnishings are stated at cost and depreciated over their expected useful lives, as follows:

Telecommunications system:	7 years straight line
New Hall furnishings:	7 years straight line
Equipment & furniture:	4 years straight line

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.

5. **Recognition of income**

Income from Specific Endowments and Donations, Research Grants and Contracts, and Other Services Rendered is included in income to the extent of expenditure incurred during the year, together with any related contributions towards overhead costs.

6. **Pension costs**

The two principal pension schemes for the University’s staff are the Universities Superannuation Scheme (U.S.S.) and the University of St. Andrews Superannuation and Life Assurance Scheme (S.&L.A.S.). The schemes are defined benefit schemes that are externally

funded and contracted out of the State Earnings-Related Pension Scheme. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, 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 actuaries, 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.

7. **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.

8. **Investments**

Listed investments are included at market value and heritable property investments 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.

9. **Stocks**

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

10. **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 30.

11. **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.

12. **Taxation status**

The University of St. Andrews is a tax-exempt charity. This exemption is not extended to the trading activities of the University. 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.

13. **Prior Year Adjustment**

The University took the opportunity available under FRS15 to revert to Historical Cost as the basis of the balance sheet carrying value of Land and Buildings with effect from 1 August 1999. This has necessitated adjustments to depreciation charges and asset values in prior years. The impact of reversion to historical cost under FRS15 is the elimination of a Revaluation Reserve, as previously stated at 31 July 1999 of £86,900,000 with a similar reduction to net asset value and the reduction of the 1998/99 depreciation charge of £932,000 which sum was previously released from the revaluation reserve.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2000

	Note	1999/00 £000	1998/99 £000 <i>Restated</i>
INCOME			
Funding council grants	1	24,240	24,135
Tuition fees and education contracts	2	11,711	10,908
Research grants and contracts	3	12,416	11,883
Other operating income	4	11,383	10,993
Endowment income and interest receivable	5	1,496	1,658
		<u>61,246</u>	<u>59,577</u>
Total income			
EXPENDITURE			
Staff costs	6 & 7	40,430	37,431
Depreciation	7 & 9	3,170	2,894
Other operating expenses	7	18,175	17,180
Interest payable	7 & 8	1,729	1,608
		<u>63,504</u>	<u>59,113</u>
Total expenditure			
(Deficit)/surplus before tax		(2,258)	464
Taxation		-	-
(Deficit)/surplus for year after tax	19	<u>(2,258)</u>	<u>464</u>

All activities included in the above income and expenditure account are continuing.

BALANCE SHEETS
As at 31 July 2000

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	Note	Consolidated		University	
		2000	1999	2000	1999
		£000	£000	£000	£000
			<i>Restated</i>		<i>Restated</i>
FIXED ASSETS					
Tangible assets	9	63,836	61,582	63,836	61,582
Investments	10	45	45	45	45
		<u>63,881</u>	<u>61,627</u>	<u>63,881</u>	<u>61,627</u>
ENDOWMENT ASSET INVESTMENTS	11	<u>39,549</u>	<u>37,520</u>	<u>39,549</u>	<u>37,520</u>
CURRENT ASSETS					
Stocks and stores in hand		503	536	503	536
Debtors	12	5,248	4,725	5,896	5,462
Short term deposits		-	24	-	24
Cash at bank and in hand		192	1,166	98	725
		<u>5,943</u>	<u>6,451</u>	<u>6,497</u>	<u>6,747</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>18,431</u>	<u>24,584</u>	<u>20,476</u>	<u>25,388</u>
NET CURRENT LIABILITIES		<u>(12,488)</u>	<u>(18,133)</u>	<u>(13,979)</u>	<u>(18,641)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		90,942	81,014	89,451	80,506
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	21,350	10,681	21,350	10,681
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>176</u>	<u>222</u>	<u>176</u>	<u>222</u>
TOTAL NET ASSETS		<u>69,416</u>	<u>70,111</u>	<u>67,925</u>	<u>69,603</u>
Represented by:					
DEFERRED CAPITAL GRANTS	16	<u>14,412</u>	<u>14,878</u>	<u>14,412</u>	<u>14,878</u>
ENDOWMENT FUNDS					
Specific endowments	17	31,389	29,555	31,389	29,555
General endowments	17	8,160	7,965	8,160	7,965
		<u>39,549</u>	<u>37,520</u>	<u>39,549</u>	<u>37,520</u>
RESERVES					
Income and expenditure account	19	<u>15,455</u>	<u>17,713</u>	<u>13,964</u>	<u>17,205</u>
TOTAL FUNDS		<u>69,416</u>	<u>70,111</u>	<u>67,925</u>	<u>69,603</u>

Approved by the University Court of the University of St. Andrews on 15 December 2000, and signed on its behalf by

Professor C.A. Vincent, Master and Acting Principal

John Matthews, Convener of the Finance Committee

Andrew Menzies, Quaestor and Factor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2000

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	Note	1999/00 £000	1998/99 £000
Net cash inflow from operating activities	22	2,028	3,077
Returns on investment and servicing of finance	23	(798)	(163)
Taxation paid		-	-
Capital expenditure and financial investment	24	(4,391)	(4,087)
Cash outflow before use of liquid resources and financing		(3,161)	(1,173)
Management of liquid resources	26	24	(1)
Financing	25	5,955	(6,318)
Increase/(decrease) in cash		<u>2,818</u>	<u>(7,492)</u>
 Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		2,818	(7,492)
Cash (outflow)/inflow from decrease from liquid resources		(24)	1
Cash (inflow)/outflow from financing		(5,955)	6,318
Change in net debt resulting from cash flows		(3,161)	(1,173)
Accrued interest on BES loan		-	(191)
Movement in net debt in the period		(3,161)	(1,364)
Net debt at 1 August		(21,189)	(19,825)
 Net debt at 31 July		<u>(24,350)</u>	<u>(21,189)</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2000

	Note	1999/00 £000	1998/99 £000
			<i>Restated</i>
(Deficit)/surplus after depreciation of assets at valuation and tax	19	(2,258)	464
Appreciation of endowment asset investments	17	2,081	1,649
Diminution of endowment land values	17	-	(674)
Endowment land sold	17	(154)	(336)
Endowment income movement for year	17	(128)	182
New endowments	17	230	663
TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR		<u>(229)</u>	<u>1,948</u>
 Reconciliation			
Opening reserves and endowments as previously stated at 1 August 1998		-	141,206
Prior year adjustment – elimination of Revaluation Reserve at 1 August 1998		-	(87,921)
Opening reserves and endowments		55,233	53,285
Total recognised (losses)/gains for the year		<u>(229)</u>	<u>1,948</u>
 Closing reserves and endowments		<u>55,004</u>	<u>55,233</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

1 FUNDING COUNCIL GRANTS	1999/00	1998/99
	£000	£000
SHEFC recurrent grant	23,244	22,675
SHEFC specific grants	580	621
Total JISC grants	18	2
Deferred capital grants released in year		
Buildings (note 16)	108	224
Equipment (note 16)	290	613
	<hr/>	<hr/>
Total funding council grants	24,240	24,135

2 TUITION FEES AND EDUCATION CONTRACTS

Full-time students	5,531	5,629
Full-time students charged overseas fees	4,674	3,913
Part-time fees	180	134
Research training support grants	176	154
Short course fees	1,110	1,048
Other fees	40	30
	<hr/>	<hr/>
Total tuition fees and education contracts	11,711	10,908

3 RESEARCH GRANTS AND CONTRACTS

	Direct costs recovered		Overheads	
	1999/00	1998/99	1999/00	1998/99
	£000	£000	£000	£000
Research Councils	4,477	4,305	1,107	1,010
UK government bodies, local and health authorities	2,031	2,634	421	441
UK based charities	1,802	2,031	12	20
UK Industry, commerce and public corporations	408	521	160	115
EU Government bodies	709	937	155	123
EU other	-	1	-	-
Other overseas	535	510	131	103
Other Sources	137	148	5	27
	<hr/>	<hr/>	<hr/>	<hr/>
	10,099	11,087	1,991	1,839

	1999/00	1998/99
	£000	£000
Total of direct cost and overhead recovered	12,090	12,926
Income deferred to match capitalised equipment purchases (note 16)	(478)	(1,671)
Release of deferred capital grant for research grant equipment (note 16)	804	628
	<hr/>	<hr/>
Total research grants and contracts	12,416	11,883

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

4	OTHER OPERATING INCOME	1999/00	1998/99
		£000	£000
	Residences, catering and conferences	8,559	7,790
	Other services rendered	102	588
	Released from deferred capital grants (note 16)	81	53
	Other income	2,641	2,562
	Total other operating income	11,383	10,993
5	ENDOWMENT INCOME AND INTEREST RECEIVABLE		
	Investment income from general endowment asset investments	401	342
	Transferred from specific endowments (note 17)	812	829
	Income from short term investments	-	19
	Other interest receivable	-	15
	Proceeds from sale of general endowment land	283	453
	Total endowment income and interest receivable	1,496	1,658
6	STAFF		
	Staff Costs :		
	Wages and salaries	33,210	31,631
	Social security costs	2,435	2,314
	Other pension costs (note 27)	3,696	3,486
	Exceptional Restructuring Costs	1,089	-
	Total staff costs (note 7)	40,430	37,431
	Emoluments of Principal :	51	117
	The emoluments of the Principal, who retired in December 1999, exclude pension contributions to U.S.S., which are paid at the same rate as for other academic staff and amounted to £6,900 (1998/99: £16,141).		
	Average staff numbers by major category:	Number	Number
	Academic and other related	465	460
	Administrative and clerical	429	420
	Technical	135	141
	Manual	451	470
	Contract research	195	192
	Other	-	1
	Total	1,675	1,684
	Remuneration of higher paid staff (excluding employer's Pension contributions)	1999/00	1998/99
		Number	Number
	£50,001 - £60,000	32	16
	£60,001 - £70,000	11	1
	£80,001 - £90,000	-	1
	£110,001 - £120,000	-	1

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

7 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs £000	Dep'n £000	Other operating expenses £000	Interest payable £000	Total £000
1999/00					
Academic departments	21,265	-	4,397	-	25,662
Academic services	2,201	-	1,554	-	3,755
Administration	3,337	1,760	1,944	895	7,936
Premises	2,225	-	2,256	-	4,481
Research grants and contracts	6,428	770	3,220	-	10,418
Residences, catering and conferences	2,946	640	3,027	834	7,447
Other expenses	939	-	1,777	-	2,716
Exceptional restructuring costs	1,089	-	-	-	1,089
	<u>40,430</u>	<u>3,170</u>	<u>18,175</u>	<u>1,729</u>	<u>63,504</u>
1998/99	£000	£000	£000	£000	£000
Academic departments	19,854	-	4,176	-	24,030
Academic services	1,994	-	1,287	-	3,281
Administration	3,282	1,751	1,704	697	7,434
Premises	2,234	-	2,224	-	4,458
Research grants and contracts	6,068	611	3,304	-	9,983
Residences, catering and conferences	2,854	532	2,888	911	7,185
Other expenses	1,145	-	1,597	-	2,742
	<u>37,431</u>	<u>2,894</u>	<u>17,180</u>	<u>1,608</u>	<u>59,113</u>

The 1998/99 Expenditure Analysis has been restated to better reflect the Higher Education Statistics Agency reporting structure.

Other Operating Expenses include:	1999/00 £000	1998/99 £000
Auditor's Remuneration -		
External audit	33	32
External audit - other services	2	-
Internal audit	29	42
Hire of plant and equipment - operating leases	92	46

8 INTEREST PAYABLE

Business Expansion Scheme loan	-	191
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	1,623	1,417
Repayable within 5 years, by instalments	-	-
Repayable wholly or partly in more than 5 years	106	-
Total interest payable (note 7)	<u>1,729</u>	<u>1,608</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

9 TANGIBLE ASSETS

Consolidated and University	Land & buildings freehold £000	Land & buildings leasehold £000	Equipment & furniture £000	Total £000
Valuation/Cost				
At 1 August 1999 as previously reported	152,990	33	13,360	166,383
Prior Year Adjustment				
Reversion to Historic Cost	(91,274)	-	-	(91,274)
At 1 August 1999 - restated	61,716	33	13,360	75,109
Additions at cost	2,750	-	2,685	5,435
Disposals	-	-	(12)	(12)
At 31 July 2000	<u>64,466</u>	<u>33</u>	<u>16,033</u>	<u>80,532</u>
Depreciation				
At 1 August 1999	9,352	33	8,427	17,812
Prior Year Adjustment				
Reversion to Historic Cost	(4,285)	-	-	(4,285)
At 1 August 1999 - restated	5,067	33	8,427	13,527
Charge for year	769	-	2,401	3,170
On disposals	-	-	(1)	(1)
At 31 July 2000	<u>5,836</u>	<u>33</u>	<u>10,827</u>	<u>16,696</u>
Net book value				
At 31 July 2000	<u>58,630</u>	<u>-</u>	<u>5,206</u>	<u>63,836</u>
At 1 August 1999 as previously reported	143,638	-	4,933	148,571
Prior Year Adjustment				
Reversion to Historic Cost (Note 18)	(86,989)	-	-	(86,989)
At 1 August 1999 - restated	<u>56,649</u>	<u>-</u>	<u>4,933</u>	<u>61,582</u>
Financed by Capital Grant	12,686	-	1,726	14,412
Other	<u>45,944</u>	<u>-</u>	<u>3,480</u>	<u>49,424</u>
Net Book Value at 31 July 2000	<u>58,630</u>	<u>-</u>	<u>5,206</u>	<u>63,836</u>

10 INVESTMENTS

Consolidated and University

Unlisted
investments
£000

Cost

At 1 August 1999 and **31 July 2000**

45

Subsidiary companies:

At 31 July 2000, the University held a 100% interest in the following companies, and its shareholdings comprised:

<i>Company</i>	<i>Share capital</i>	<i>Country of incorporation</i>	<i>Activity</i>
St. Andrews University Holdings Ltd.	Limited by guarantee	Scotland	Holding company
St. Andrews University Services Ltd.	£2	Scotland	Vacation letting
St. Andrews Strategic Management Ltd.	£2	Scotland	Dormant
University of St. Andrews Property Services Ltd.	£2	Scotland	Property development
St. Andrews University Residences plc	£2,500,001	England & Wales	Dormant

St. Andrews University Holdings Limited acts as the holding company for the companies owned by the University of St. Andrews. The principal objectives of the company are the advancement of education at the University of St. Andrews and the furtherance of research and related activities for the benefit of the University. The other principal activities carried out by the group were the provision of residential and catering services during vacation periods and the development and letting of property for academic and related purposes. St. Andrews Strategic Management Limited stands dormant at the balance sheet date.

The University has commenced winding up proceedings by means of a Members' Voluntary Liquidation in respect of St. Andrews University Residences plc.

11 ENDOWMENT ASSET INVESTMENTS

Consolidated and University

2000 1999
£000 £000

Balance as at 1 August	37,520	36,036
Additions	7,945	5,862
Disposals	(7,798)	(4,872)
Appreciation	2,141	708
Cash movement	(259)	(214)

Balance as at 31 July	<u>39,549</u>	<u>37,520</u>
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Represented by:

Fixed interest stocks	3,522	3,650
Equities	29,555	26,989
Land and property	3,861	4,015
Debtors	1,148	1,746
Bank, building society and other deposits	1,463	1,120

Total endowment asset investments	<u>39,549</u>	<u>37,520</u>
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Fixed interest and equities at cost	<u>22,776</u>	<u>21,826</u>
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Land and property at cost	<u>189</u>	<u>278</u>
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NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

12 DEBTORS

	Consolidated		University	
	2000 £000	1999 £000	2000 £000	1999 £000
Amounts falling due within one year:				
Debtors	2,109	2,261	2,109	2,261
Prepayments and accrued income	3,139	2,464	3,026	2,464
Amounts due from group undertakings	-	-	761	737
	<u>5,248</u>	<u>4,725</u>	<u>5,896</u>	<u>5,462</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2000 £000	1999 £000	2000 £000	1999 £000
Unsecured loans	71	4,785	71	4,785
Bank overdraft	4,584	8,033	4,567	8,033
Income received in advance	5,436	5,175	5,436	5,175
Amounts due to group undertakings	-	-	2,068	818
Creditors and accruals	5,973	5,722	5,967	5,708
Accrued costs of early retirement scheme	1,344	-	1,344	-
Social security and other taxation payable	1,023	869	1,023	869
	<u>18,431</u>	<u>24,584</u>	<u>20,476</u>	<u>25,388</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £000	1999 £000
Consolidated and University		
Unsecured loans outstanding for student accommodation:		
New Hall	-	10,610
New Hall furnishings	-	71
Secured Bank Loan	<u>21,350</u>	-
Total long-term liabilities	<u>21,350</u>	<u>10,681</u>
Repayable as follows:		
In more than one year:		
Between one and two years	-	223
Between two and five years	628	515
In five years or more	<u>20,722</u>	<u>9,943</u>
Total repayable	<u>21,350</u>	<u>10,681</u>

The secured bank loan was drawn from The Royal Bank of Scotland on 3 July 2000. Repayment of the loan commences three years after the loan is drawn and is repayable by quarterly instalments over a period of twenty-seven years. The loan is secured on a portion of the freehold land and buildings of the University, and the interest rate is charged on a floating basis over LIBOR.

15 PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated and University

FSSU unfunded
pension benefits
£000

As at 1 August 1999	222
Released during year	-
Utilised in year	46
As at 31 July 2000	176

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 the University Court, and are charged against a provision established when members retire to meet this liability (see note 27).

16 DEFERRED CAPITAL GRANTS

Consolidated and University

	SHEFC £000	Research grants £000	Other grants & benefactions £000	Total £000
As at 1 August 1999				
Buildings	9,917	-	2,673	12,590
Equipment	427	1,861	-	2,288
Total	10,344	1,861	2,673	14,878
Received				
Buildings	-	-	285	285
Equipment	54	478	-	532
Total	54	478	285	817
Released to Income and Expenditure Account				
Buildings (notes 1 and 4)	108	-	81	189
Equipment (notes 1 and 3)	290	804	-	1,094
Total	398	804	81	1,283
As at 31 July 2000				
Buildings	9,809	-	2,877	12,686
Equipment	191	1,535	-	1,726
Total	10,000	1,535	2,877	14,412

17 ENDOWMENT FUNDS

Consolidated and University

	Specific endowments £000	General endowments £000	Total £000
As at 1 August 1999	29,555	7,965	37,520
Additions	230	-	230
Appreciation of endowment asset investments	1,638	443	2,081
Diminution of land values	-	-	-
Profit on sale of land	-	129	129
Income for year	778	307	1,085
Transferred to income and expenditure (note 5)	(812)	(401)	(1,213)
Transfer of land sale proceeds to income and expenditure	-	(283)	(283)
As at 31 July 2000	31,389	8,160	39,549

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

	Specific endowments £000	General endowments £000	Total £000
Capital			
Chairs and lectureships	9,166	-	9,166
Other specific purposes	9,813	-	9,813
Scholarships and bursaries	10,690	-	10,690
Prize funds	850	-	850
Other funds	-	8,160	8,160
Revenue			
Other specific purposes	409	-	409
Scholarships and bursaries	421	-	421
Prize funds	40	-	40
	<u>31,389</u>	<u>8,160</u>	<u>39,549</u>

18 REVALUATION RESERVE
Consolidated and University

	2000 £000	1999 £000
At 1 August (1998 as previously reported)	-	87,921
Released in Year	-	<u>932</u>
At 1 August (1999 as previously reported)	-	86,989
Prior Year Adjustment	-	<u>(86,989)</u>
At 1 August restated and at 31 July	-	-

19 INCOME AND EXPENDITURE ACCOUNT

	Consolidated		University	
	1999/00 £000	1998/99 £000 <i>Restated</i>	1999/00 £000	1998/99 £000 <i>Restated</i>
At 1 August 1999	17,713	17,249	17,205	16,888
(Deficit)/surplus for the year after depreciation and tax	<u>(2,258)</u>	<u>464</u>	<u>(3,241)</u>	<u>317</u>
As at 31 July 2000	<u>15,455</u>	<u>17,713</u>	<u>13,964</u>	<u>17,205</u>

20 CAPITAL COMMITMENTS
Consolidated and University

	2000 £000	1999 £000
In respect of contracts entered into for building work at 31 July	<u>329</u>	<u>1,994</u>

21 CONTINGENT LIABILITIES
Consolidated and University

	2000 £000	1999 £000
Guarantee to Halifax plc in respect of staff housing advances	480	530
HM Customs and Excise bond in respect of laboratory spirits	<u>1</u>	-
As at 31 July 2000	<u>481</u>	<u>530</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

22 RECONCILIATION OF CONSOLIDATED OPERATING (DEFICIT)/ SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES	2000	1999
	£000	£000
		<i>Restated</i>
(Deficit)/surplus before tax	(2,258)	464
Depreciation (note 9)	3,170	2,894
Deferred capital grants released to income (note 16)	(1,283)	(1,518)
Investment income	(1,213)	(1,642)
Loss on sale of tangible fixed assets	-	47
Proceeds from sale of endowment assets	(283)	-
Interest payable (note 8)	1,729	1,608
Decrease/(increase) in stocks	33	(17)
(Increase)/decrease in debtors	(552)	547
Increase in creditors	2731	1,143
Decrease in provisions	(46)	(449)
	<hr/> 2,028 <hr/>	<hr/> 3,077 <hr/>

23 RETURNS ON INVESTMENT AND SERVICING OF FINANCE

Income from endowments	1,054	1,094
Income from short-term investments	-	2
Other interest received	-	15
Interest paid	(1,852)	(1,274)
	<hr/> (798) <hr/>	<hr/> (163) <hr/>

24 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Tangible assets acquired (note 9)	(5,435)	(6,111)
Endowment asset investments acquired	(7,935)	(5,682)
	<hr/> (13,370) <hr/>	<hr/> (11,793) <hr/>
Receipts from sales of tangible assets	11	46
Receipts from sales of endowment land assets	283	453
Receipts from sales of endowment asset investments	7,673	4,872
Deferred capital grants received (note 16)	817	1,724
Endowments received	195	611
	<hr/> (4,391) <hr/>	<hr/> (4,087) <hr/>

25 FINANCING

New secured long-term loan repayable between 2003 and 2030	21,350	-
Repayment of long-term loan	(10,681)	-
Repayment of short-term loan	(4,714)	(6,318)
	<hr/> 5,955 <hr/>	<hr/> (6,318) <hr/>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

26 ANALYSIS OF CHANGES IN NET DEBT

	At 1 August £000	Cash flows £000	Other non-cash changes £000	At 31 July £000
Cash				
Cash at bank and in hand	1,166	(974)	-	192
Endowment cash	1,120	343	-	1,463
Bank overdraft	(8,033)	3,449	-	(4,584)
	<u>(5,747)</u>	<u>2,818</u>	<u>-</u>	<u>(2,929)</u>
Short-term deposits	24	(24)	-	-
Debt due within one year				
Unsecured loans	(4,785)	4,714	-	(71)
Debt due after one year				
Unsecured loan	(10,681)	10,681	-	-
Secured Loan	-	(21,350)	-	(21,350)
	<u>(10,681)</u>	<u>(10,669)</u>	<u>-</u>	<u>(21,350)</u>
TOTAL	<u><u>(21,189)</u></u>	<u><u>(3,161)</u></u>	<u><u>-</u></u>	<u><u>(24,350)</u></u>

27 PENSION ARRANGEMENTS

There are two main pension schemes for University staff:

(a) **The Universities Superannuation Scheme (U.S.S.)** is the main scheme covering university teachers and employees of comparable status to a university teacher. The scheme is a defined benefit scheme that is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The actuarial valuation method employed was the projected unit method.

The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pensions cost in the institution's accounts to be equal to the actual contribution paid during the year. In particular, the contribution rate recommended following the 1999 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread the surplus in a prudent manner over the future working lifetime of current scheme members.

(b) **St. Andrews University Superannuation & Life Assurance Scheme (S.&L.A.S.)** provides benefits related to final pensionable salary for other members of staff of the University. The actuarial valuation method employed was the projected unit method.

The assumptions and other data which have the most significant effect on the result of the valuation and the contribution levels are:

	U.S.S.	S.&L.A.S.
Date of latest published actuarial valuation	31 Mar 1999	31 Jul 1999
Investment returns per annum - past service	4.5%	} 9.25%
Investment returns per annum - future service	5.5%	
Salary scale increases per annum - past service	3.6%	} 4.5%
Salary scale increases per annum - future service	3.5%	
Pension increases per annum - past service	2.6%	} 3.0%
Pension increases per annum - future service	2.5%	
Market value of assets at date of last published valuation	£18,870M	£28.9M
Proportion of members' accrued benefits covered by actuarial value of the assets	108%	101%

The rates of contribution are as follows:

	U.S.S.	S.&L.A.S.
From Court	14.00%	11%
From members	6.35%	5%

The total pension costs to the University and its subsidiaries was:

	1999/00	1998/99
	£000	£000
Contributions to U.S.S.	2,843	2,655
Contributions to S.&L.A.S.	853	831
Total pension costs (note 6)	<u>3,696</u>	<u>3,486</u>

28 RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the University 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 the University Court may have an interest. All transactions involving organisations in which a member of the University Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

In addition, the University Court considers the University of St. Andrews Students' Association to be a related party due to the level of transactions between the two organisations. During 1999/00, the University paid a grant to the Students' Association of £139,000 (1998/99: £150,000). In addition, the Students' Association through its Travel Service, provided travel agency services to the University amounting to £479,000 (1998/99: £323,000). The amount owing to the Students' Association at 31 July 2000 was £41,000 (1999: £26,000) and the amount owing from the Students' Association was £ 58,000 (1999: £66,000).

29 ACCESS FUNDS	1999/00	1998/99
	£000	£000
Access funds balance at 1 April	28	10
Scottish Higher Education Funding Council Grants for the financial year 1 April to 31 March	274	134
Interest added	<u>7</u>	<u>4</u>
Total available	309	148
Disbursed to students - 1 April to 31 March	<u>233</u>	<u>120</u>
Balance at 31 March	76	28
Disbursed to students - 31 March to 31 July	<u>22</u>	<u>21</u>
Balance at 31 July	<u>54</u>	<u>7</u>

Funding Council Access Fund Grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The note combines the information in terms of the Funding Council's financial year (ending 31 March) and the University's financial year (ending 31 July).

30 UNIVERSITY COLLECTIONS	£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	<u>67,550</u>
	<u>75,285</u>