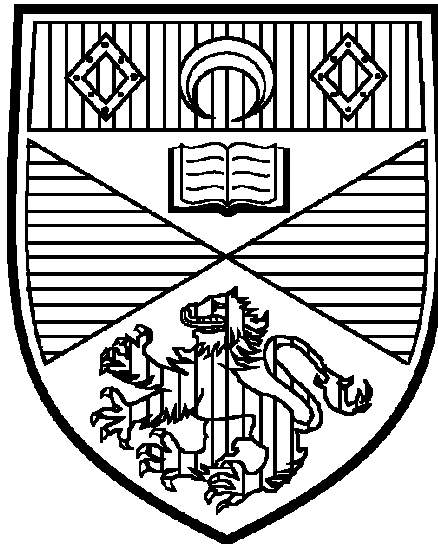


*Reports and Financial Statements
of the University Court
for the year to 31 July 2004*



University
of
St Andrews

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MEMBERSHIP OF THE UNIVERSITY COURT AND COMMITTEES

The Rector, President

Sir Clement Freud

Senior Governor, Vice-President

Mr W. Berry

The Principal

Dr B.A. Lang

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

Mr D.J. Corner

The Chancellor's Assessor

Emeritus Professor D. B. Thomas

The Rector's Assessor

Miss M. Vaggers

Fife Council, Convener

Mr J. Simpson

Assessors of the General Council

Mr W. Berry

Mr E.D. Murray

Assessors of the Senatus Academicus

Dr J.P. Anderson

Professor H.N. Kennedy

Dr F.G. Riddell (to 9 June 2004)

Professor P. Winn

Non Teaching Staff Member

Dr D.M. Cottam

Student Representatives

Mr D.J. MacLeod, *President* (to 30 June 2004)

Mr W.P.E. Macfarlane, *Director of Representation* (to 30 June 2004)

Mr S. Atkins, *President* (from 1 July 2004)

Mr B. Reilly, *Director of Representation* (from 1 July 2004)

Co-opted Members

Mr D.A. Connell

Mr A.M. MacIntyre

Mr D.S. Mundie

Mrs C. Potter

Mrs C.A.M. Davis

Mr J.F. Matthews

Ms J.W. Denholm (from 3 December 2003)

Mr G.R.C. Scott

Clerk of the Court

Mr I. M. Wright

MEMBERSHIP OF THE UNIVERSITY COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</i>
ACADEMIC AUDIT COMMITTEE		
Professor P. Winn (Convener)	2005	Senate Assessor on Court
The Vice-Principal (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>
Dr J.P. Anderson	2007	Senate Assessor on Court
Dr S. van Heyningen	2005	External Assessor
<i>Secretary : the Director of Academic Audit</i>		
AUDIT COMMITTEE		
Mr D.S. Mundie (Convener)	2004	Lay member of Court
Mr D.A. Connell	2006	Lay member of Court
Ms J.W. Denholm (from 5 December 2003)	2007	Lay member of Court
Mr R.S. Murray	2004	Court nominee
Mr G.R.C. Scott	2004	Lay member of Court
<i>Secretary : the Clerk to the Court</i>		
EQUAL OPPORTUNITIES COMMITTEE		
Mrs C.A.M. Davis (Convener)	2004	Lay member of Court
The Deputy Principal	-	<i>ex officio</i>
The Convener, Staff Committee	-	<i>ex officio</i>
The Convener, Student Services Committee	-	<i>ex officio</i>
Dr D.M. Cottam	2005	Member of Court
Professor S.M. Nutley	2004	Senate nominee
Director of Representation, Students' Association	-	<i>ex officio</i>
<i>Secretary : the Director of Human Resources</i>		
INVESTMENT & COLLECTIONS COMMITTEE		
Mr J.F. Matthews (Convener)	2005	Lay member of Court
The Principal	-	<i>ex officio</i>
The Quaestor & Factor	-	<i>ex officio</i>
Professor J.A. Beath	2004	Senate nominee
Mr E.D. Murray	2006	Lay member of Court
<i>Secretary : the Head of Financial Accounts</i>		
INFORMATION POLICY COMMITTEE		
Dr F.G. Riddell (Convener)	2004	Member of Court
The Vice Principal (Information)	-	<i>ex officio</i>
Dr D.M. Cottam	2005	Member of Court
Dr M.P. Vysny	2004	Senate nominee
Director of Representation, Students' Association	2004	Students' Assoc. nominee
<i>Secretary : the Librarian</i>		

MEMBERSHIP OF THE UNIVERSITY COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</i>
GOVERNANCE & NOMINATIONS COMMITTEE		
Sir Menzies Campbell (Convener)	2004	Court nominee
The Principal	-	<i>ex officio</i>
The Senior Governor	-	<i>ex officio</i>
Mrs C.A.M. Davis	2004	Lay member of Court
Professor P. Winn	2005	Member of Court
Mr D.A. Connell	2006	Member of Court
Professor H.N. Kennedy	2007	Member of Court
Mr J. Simpson	2007	Lay member of Court

Secretary : the Clerk to the Court

HEALTH AND SAFETY COMMITTEE

Mr G.R.C. Scott (convener)	2004	Lay member of Court
The Secretary & Registrar	-	<i>ex officio</i>
Director of Services, Students' Association	-	<i>ex officio</i>
Dr P.R. Cundill	2007	AUT nominee
Mrs M.B. Parker	2007	AMICUS nominee
Mr P.P. Reid	2007	UNISON nominee
Dr F.G. Riddell	2005	Senate Assessor

Secretary : the Director of Environmental, Health and Safety Services

PLANNING AND RESOURCES COMMITTEE

Mr W. Berry (Convener)	2008	Lay member of Court
The Principal	-	<i>ex officio</i>
[The Senior Governor	-	<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>
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 E.D. Murray	2006	Lay Member of Court
Professor N.V. Richardson	2006	Senate electee
Professor J.A. Beath	2004	Senate electee

Secretary : the Quaestor & Factor

MEMBERSHIP OF THE UNIVERSITY COURT AND COMMITTEES

<i>Members</i>	<i>Until</i>	<i>Status</i>
REMUNERATION COMMITTEE		
Mr W. Berry (Convener)	2004	Senior Governor
The Principal (1)	-	<i>ex officio</i>
Mr A.M. MacIntyre (2)	2004	Lay member of Court
Mr J. Simpson	2007	Lay member of Court

Secretary : the Director of Human Resources

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

² This Lay member serves on both Remuneration and Staff Committees

STAFF COMMITTEE

Mr A.M. MacIntyre (Convener) (1)	2004	Lay member of Court
The Principal	-	<i>ex officio</i>
The 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>
Mr D.A. Connell	2006	Lay Member of Court
Mr D.W. Loudon	2005	Court nominee (non-academic staff)
Professor B. Roberts	2004	Senate nominee
Dr G.F. San Román	2004	Senate nominee

Secretary : the Director of Human Resources

¹ This Lay member serves on both Remuneration and Staff Committees

STUDENT SERVICES COMMITTEE

Mrs C. Potter (Convener)	2006	Lay member of Court
Convener, Equal Opportunities Committee	-	<i>ex officio</i>
The Secretary & Registrar	-	<i>ex officio</i>
Rev M. MacLean	2007	Court nominee
Professor P.J. Boyle	2004	Senate nominee
Dr S.C. Whiten	2004	Senate nominee
Professor K. Dholakia	2008	Senate nominee
The Rector's Assessor	-	<i>ex officio</i>
The President, Students' Association	-	Students' Assoc. Nominee

Secretary : the Director of Student Support Services

REPORT OF THE UNIVERSITY COURT

Scope of the financial statements

The accounts for the year to 31 July 2004 have been prepared in accordance with the Statement of Recommended Practice; Accounting for Further and Higher Education and the Scottish Education Funding Council's Accounts Direction. As noted in paragraph 1 of the statement of principal accounting policies (Page 21), these accounts have been prepared on a historical cost basis as modified by the revaluation of endowment asset investments.

Result for the year

The University again witnessed a year of financial growth in 2003/2004 with income growing by £9.996million (12.8%) on the previous year, with operational spending growing by £8.000million (10.2%). The earned surplus on the Income and Expenditure Account of £2.612million, is an improvement of £3.480million on 2002/2003.

The University continues to attract unprecedented levels of demand from prospective students. This demand resulted in the University significantly overshooting its planned intake of Home and EU students. Increased recruitment coupled with a restriction in residential capacity, caused by the demolition of old residential blocks resulted in the University reaching capacity. The funding mechanisms for Home and EU students, meant that the University received no additional funding in respect of additional teaching load. This in turn meant that the University had to restrict the level of intake of overseas students, especially North American students, with consequent substantial loss of income.

The overall surplus of £2.612million included gains on the disposal of property of £0.389million consisting of residential properties not required for teaching or research. The disposals form part of a programme intended to re-shape the University balance sheet over the next few years, along with steps to increase the generation of annual surpluses to provide for repayment of borrowings and future investment in infrastructure.

During the year, income from research totalled £20.416million (£19.940million before net release of deferred grants). The University continued to invest in research staff and infrastructure, funded in part by the first and second rounds of the Strategic Research Infrastructure Fund. This investment, coupled with direct University investment and further funds from Strategic Research Development Grants, should allow the University to increase the volume of research activity and income in the coming years.

The Balance Sheet total during the year increased by £4.428million, reflecting the investment in infrastructure, with Fixed Assets increasing by £18.450million. This increase has been largely financed through growth in long term borrowings. Net current liabilities increased during the year, although this increase is attributable to capital accruals, which will in turn be funded from long term borrowings.

Achievement of Strategic Objectives

In recent years the University Court has reviewed the manner in which it manages and monitors the University's activity. Previous years' reviews brought the University in line with the requirements of the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks (SHEFC Circular 05/99 & HE/23/00). The University has continued to monitor and adapt its governance arrangements to ensure continued adherence to best practice.

University progress towards the goals and objectives outlined in the strategic plan on the wide range of activities during 2003/ 2004 is outlined overleaf:

REPORT OF THE UNIVERSITY COURT

Admissions: The University continues to experience strong demand for Home and EU undergraduate places and a modest breach of Funding Council limits occurred. Uptake of University offers has proved particularly difficult to predict in recent years and average entry grades are still rising in high demand disciplines. The University met and significantly surpassed its targets in relation to overseas postgraduate students. Overseas undergraduate numbers had to be severely restricted in the second semester for study abroad, reflecting the demolition and construction schedule at David Russell Hall, while in other respects overseas undergraduate admissions were robust. Access student numbers rose and funding continues to be raised for entrant bursaries to attract students from backgrounds and areas from which there has been a historically low progression into Higher Education. Increased impetus is being added to the campaign to promote widened participation through Summer Schools.

Learning and Teaching: In 2003/2004 SHEFC launched its initiative for quality enhancement in learning and teaching, and the University actively engaged with SHEFC's two enhancement themes—assessment and responding to student needs. With regard to assessment, a very successful Open Forum was held for staff to share and discuss initiatives they had taken in diverse methods of assessment, and a further Open Forum focused on the challenges posed by the modular system for integrated learning and assessment. Proposals to re-evaluate the Honours classification system were scheduled for implementation in 2004/2005. With regard to responding to student needs, a particular emphasis was placed upon improving feedback from students. This was achieved by introducing (in conjunction with the SPARQS initiative) training for student class representatives, making students assessors on internal subject reviews, revising and improving the monitoring of student module questionnaires, and approving a “student experience survey” for introduction in 2004/2005.

The University made appointments to support the new subject area of Film Studies (due to begin in 2004-2005), and it has built upon the success of its newly-launched Centre for Business Education with new staff appointments and a newly-acquired building (the Gateway). Priorities are being set by a new Teaching Accommodation Strategy Group for the improvement of teaching facilities throughout the University.

Student Support: Last year's innovative student induction programme has now been consolidated and expanded. The system of using "Support Workers" rather than Counsellors introduced last year on a trial basis was reviewed and found to be responding more effectively to the needs of students. For Disability, this year saw an increase in staffing and the introduction of academic guidelines enabling access to the academic curriculum, substantial alterations for improved physical access to the University Estate and the planning of an Alternative Format facility for academic departments. The introduction of an International Adviser has meant improved support of international students. Student volunteers have continued to expand their involvement with local community events. Training on issues such as legislative compliance has continued.

Research: St Andrews continues to be the most research intensive University in Scotland. Outcomes of RAE2001 were exceptional across the whole University. On grade point average the University is the top performer Scotland, and is in the top 10 universities in the UK. All of the sciences and mathematics (including computer science) were graded 5/5*, thereby complementing the earlier (and sustained) achievements in the Arts & Humanities, placing some 72% of our staff in 5/5* units. All Departments achieved international excellence in some aspects of their research. Students coming to St. Andrews can therefore be assured of being taught by staff with international reputations for research excellence. The Main Grant Letter of March 2004 announced a Research and Knowledge Transfer total of £13.098M for 2004/2005 amounting to 42% of our SHEFC funding (the largest proportion in Scotland) and up 10.8% on 2003/2004.

Research income in 2003/2004 (i.e. money claimed from sponsors against expenditure) totalled £20.416million (increased over 5 years from £12.416million) of which 51% derived from Research

REPORT OF THE UNIVERSITY COURT

Councils. Research awards to the University totalled £25.1million in 2003/2004, up 6.4% over 2002/2003. All SRIF1 projects are now complete or in their final stages. The SRIF2 award of £5.6million to the University facilitated laboratory refurbishments and equipment infrastructure enhancement, focused on research strengths in Astronomy, Biosciences, Chemistry, Computer Science, Geography, Management, Physics and Psychology. Most of these projects have passed the planning stages with building commencing. Additionally, the University has invested in research space to encourage further research activity within the Faculty of Arts – this space will be available for use from September 2004.

Staff continue to be successful in competitive award schemes such as the Strategic Research Development Grants (SRDG) and the new Academic Fellowship scheme (provided by the Joint Research Councils and the Office of Science & Technology). These successes provide further evidence of the University's demonstrated quality in research.

The University continues to work collaboratively with other Universities in Scotland, the rest of the UK and around the world. There are a number of areas of collaboration in research projects with the Universities of Dundee, Edinburgh and Glasgow. The University is at the forefront of research pooling initiatives in Scotland for both Physics and Chemistry and is also engaged in discussions about possible research pooling initiatives, in Geography and Geosciences (SAGES), Economics, and Computer Science.

The University continues to promote the commercialisation of its research base and the transfer of knowledge through its Research and Enterprise Service. Through this service the University supports the development of research findings for commercial purposes, engaging with the private sector where possible. A "business case" resource allocation scheme has been implemented to promote the development of new postgraduate degrees by targeting resource against a business plan analysis identifying opportunity and need; current examples include distance learning in Divinity and postgraduate programmes in Business. A new programme on generic skills for training for all research postgraduate students will be rolled out from September 2004.

Interdisciplinary research has been encouraged, particularly through the creation and support of cross-School Research Centres and Institutes, including the Centre for Research in Ecological and Environmental Modelling (initiated by a £1.3million Grant from SHEFC), the Centre for Advanced Materials, the Biomolecular Sciences Centre, the NERC Sea Mammal Research Unit and the AHRB Centre for the Philosophy of Logic, Language, Mathematics and Mind.

Finally, the University is well advanced in its preparation for the introduction of Full Economic Costing of research proposals, using TRAC data. A working group comprising representatives from Finance, Research and Enterprise Services and Academic Schools have been creating the basis of the new scheme.

Information: The past year has seen further integration between the Library and IT Services and new structures have evolved in response to the needs of the combined service we operate and the staff who manage and develop them. Latterly this has been led by the Deputy Principal.

A few major IT infrastructure developments are worthy of note: the first has been the significant effort put into strengthening our defences against the increasingly hostile world that some users of the Internet represent. A new firewall was commissioned with much more stringent rules applied to the traffic that can traverse it and our email service was upgraded to better detect spam and to cope with the increase in processing power required to handle messages. Major changes to user accounts also strengthened our security with separation of account types depending on individual needs. As a consequence we were able to issue new students with a username before they arrive in St Andrews.

REPORT OF THE UNIVERSITY COURT

This was the first year also that all students in halls paid for telephone and data network services. In all, just under 3,000 student-owned computers were registered to connect to the network operating in halls of residence (ResNet), an increase of around 600 on 2002/2003. Over 100 secure computers and associated printers were also installed in clusters in halls of residence primarily for the benefit of students who did not have their own computer.

Within the Library, the first steps have been taken in releasing space by the deposit of some older science periodicals in an external store.

Elsewhere, this year saw a considerable number of successful software projects led by Business Improvements. These included: the implementation of a student accounting module in the Student Database System, the introduction of a new content management system for Registry and Human Resources, the development and implementation of a complex set of on-line finance reports, the development and implementation of a computer system in response to new legislation for Freedom of Information, a complete review and reform of the fee generation process and more development of the e-commerce system, upgrade of both Access Control and ID card systems and an upgrade of the finance system as we move towards web-based purchase order processing and commitment accounting.

Estates : During the year the University approved its first Environment Strategy. The most tangible development under this Strategy has been the implementation of comprehensive steps to increase recycling of waste. The University continues to work very closely with Fife Council in the development and implementation of these changes. The University has also started the process of examining how the level of car travel can be reduced and how the University can exploit emerging technologies to assist in fulfilling its obligations for sound environmental management.

Substantial progress has been made during the year with the continued construction of the new David Russell Hall development, with the first accommodation blocks becoming available to students. The University also carried out extensive adaptations to the newly acquired Gateway building to create a facility capable of supporting world class teaching, and began the construction of a new building to house the School of Computer Science.

Governance & Nominations: The University has now finalised and implemented a comprehensive approach to the performance appraisal of Court Members. Changes to formal arrangements for the management of risk and safety were implemented.

Human Resources: During the year progress has been made with the implementation of several new policies designed to enhance current practice along with ensuring legislative requirements are met. The launch of new recruitment and selection procedures including an on-line form, the continued development of training courses and events to meet individual and School/Unit needs and the transfer of expense payments to the Salaries Office. Along with this, the University remains committed to modernisation of the pay structure in line with national negotiations. Agreement has now been reached nationally and the University will progress this over the next 2 years. This will be implemented within the framework of a wider HR strategy and consistently with the management development initiative.

Finance: During the year the University continued the process of modernisation within its Finance department. The Standing Financial Instructions laid down by Court to govern financial management in the University were reviewed with a regular review process also agreed under the control of the Audit Committee. An upgraded version of its Financial Management System was implemented towards the end of the year with plans in place to extend access to all Schools and Support Units during the coming year. It is envisaged that this extended functionality will provide an improved platform for effective financial management at a local and institutional level

REPORT OF THE UNIVERSITY COURT

Progress has been made in the improved provision of financial management information to staff working within Schools and Support Units through the development and implementation of on-line tools which facilitate access to web based information at the point of need. The availability of these tools is being supplemented by local training sessions for all necessary staff.

Endowment Funds: The University's Endowment fund's grew strongly in the first half of the financial year as confidence and stability returned to global equity markets. However, as instability has set in over the latter half of the year the value of the funds was again adversely affected. At the end of the year the University's funds report a modest growth of £0.648million (1.9%) with a funds value at the end of the year totalling £35.179million.

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 (2002/03: 32 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 their 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.

Conclusion

During 2003/2004 the University has continued to attract significant numbers of high calibre and socially diverse students from Scotland and the rest of the world. This continuing strong performance is founded on excellent performance in the quality of teaching provided and the University's growing global reputation in research. The University remains focussed on its core mission to provide excellent teaching and world class research.

William Berry
Senior Governor
College Gate
St Andrews

10 December 2004

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF ST ANDREWS

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: 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 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;
- 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:

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF ST ANDREWS

- 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 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 the University Court, and promulgated in the Standing Financial Instructions;
- comprehensive Financial Regulations, detailing financial controls approved by the University 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 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.

CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the university has applied the principles set out in the Combined Code on Corporate Governance. This incorporates internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the University Court, the University complies with most of the principles of the Combined Code, in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2004. There is divergence between University practice and the combined code in 3 areas, namely:

- Chairmanship of meetings - Meetings of the University Court are chaired by the Rector, an elected representative of the students, his right to do so being governed by 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 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 to the Combined Code Principle of three year terms of office.
- Age – Members may serve on Court until the attainment of a 70th birthday prior to the appointment or re-appointment. This compares to the Combined Code Principle of an age restriction at 65 years. Additionally, the age restriction cannot be applied to the Rector in terms of the Universities (Scotland) Act 1889.

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.

Responsibility for the monitoring of risk lies with the Audit Committee on behalf of Court. The University has established a Risk Management Group, led by the Deputy Principal and containing representatives from all University activities. This group is tasked with responsibility for leading the process of further embedding risk management rationale in all decision-making processes of the University. This group operates within a framework of control agreed by the Audit Committee which will 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.

The University Court met five times during 2003/2004, and 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 4, are:

CORPORATE GOVERNANCE

Academic Audit Committee
Audit Committee
Equal Opportunities Committee
Investment & Collections Committee
Information Policy Committee
Governance & Nominations Committee
Health and Safety Committee
Planning and Resources Committee
Remuneration Committee
Staff Committee
Student Services 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” (<http://www.st-andrews.ac.uk/services/registry/committee.htm>).

In respect of its strategic planning and development responsibilities, the University Court receives recommendations and advice from the Planning and Resources Committee, chaired by the Senior Governor. During the year ended 31 July 2004, 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 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 Investment & Collections Committee receives the annual report on the University’s Art Collections from the Curator of the Museum 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 the University 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 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 £50,000; determines, through its Court lay 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.

CORPORATE GOVERNANCE

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 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 the University 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 the University Court for conducting the annual performance appraisal of the Senior Governor.

In keeping with the University's policy on the registration and declaration of interests, all persons routinely attending meetings of the University Court and 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 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 the University Court with the requirements of the Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks (SHEFC Circulars HE/05/99 & HE/23/00).

In previous years the Court has effected changes which have achieved compliance with the Good Practice Benchmarks, with stated exceptions regarding term of office and age requirements. This position has remained unchanged during the year.

We have audited the Financial Statements for the year ended 31 July 2004 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 37. These Financial Statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the University Court of the University of St Andrews as a body, in accordance with its Financial Memorandum. Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an 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 the University and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University Court and Auditors

As described in the Statement of Responsibilities of the University Court, the Court is responsible for the preparation of the financial statements in accordance with the University's Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance the Statement of Recommended Practice: Accounting for Further and Higher Education. 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 applied 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 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 read the other information contained in the Report of the University Court and the Corporate Governance statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 July 2004, and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for further and higher education;
- ii) income from the 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 purposes for which they were received; and
- iii) income has been applied in accordance with the Further and Higher Education (Scotland) Act 1992 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 LLP
Registered Auditor
Glasgow
10 December 2004

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2004

	Notes	Consolidated Year ended 31 July 2004 £000	Consolidated Year ended 31 July 2003 £000
INCOME			
Funding council grants	2	31,024	28,741
Tuition fees and support grants	3	19,564	16,318
Research grants and contracts	4	20,416	18,768
Other income	5	15,552	13,218
Endowment and investment income	6	1,572	1,087
Total income		88,128	78,132
EXPENDITURE			
Staff costs	7 & 9	52,690	48,296
Other operating expenses	9	26,909	24,390
Depreciation	13	5,266	4,249
Interest payable	10	1,252	1,182
Total expenditure		86,117	78,117
Surplus before disposal of assets and taxation		2,011	15
Gain/(loss) on disposal of assets		389	(1,149)
Surplus/(deficit) after disposal of assets but before taxation		2,400	(1,134)
Taxation		0	0
Surplus/(deficit) after disposal of assets and taxation		2,400	(1,134)
Transfer from accumulated income within specific endowments		212	266
Surplus/(deficit) for the year retained within general reserves	11	2,612	(868)

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

STATEMENT OF THE TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2004

	Notes	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Surplus/(deficit) after disposal of assets and taxation		2,400	(1,134)
Appreciation of endowment asset investments	22	677	4,689
New endowments	22	185	918
Total recognised gains relating to the year		<u>3,262</u>	<u>4,473</u>
Reconciliation			
Opening reserves and endowments		51,025	46,552
Total recognised gains for the year		3,262	4,473
Closing reserves and endowments		<u>54,287</u>	<u>51,025</u>

BALANCE SHEETS
As at 31 July 2004

	Notes	Group 31 July 2004 £000	Group 31st July 2003 £000	University 31 July 2004 £000	University 31st July 2003 £000
Fixed assets					
Negative Goodwill	12	(1,196)	0	0	0
Tangible Assets	13	97,942	78,296	92,889	78,296
Investments	14	235	235	787	235
Total fixed assets		<u>96,981</u>	<u>78,531</u>	<u>93,676</u>	<u>78,531</u>
Endowment assets	15	<u>35,179</u>	<u>34,531</u>	<u>35,179</u>	<u>34,531</u>
Current assets					
Stock		425	440	425	440
Debtors	16	7,243	5,884	10,154	6,366
Short Term Deposits		0	0	0	0
Cash at bank and in hand		1,114	283	1,114	283
Total current assets		<u>8,782</u>	<u>6,607</u>	<u>11,693</u>	<u>7,089</u>
Creditors : amounts falling due within one year	17	<u>(24,603)</u>	<u>(20,734)</u>	<u>(26,280)</u>	<u>(22,714)</u>
Net current liabilities		<u>(15,821)</u>	<u>(14,127)</u>	<u>(14,587)</u>	<u>(15,625)</u>
Total assets less current liabilities		116,339	98,935	114,268	97,437
Creditors : amounts falling due after more than one year	18	(40,226)	(27,246)	(40,146)	(27,246)
Provision for liabilities and charges	20	(127)	(131)	(127)	(131)
NET ASSETS		<u>75,986</u>	<u>71,558</u>	<u>73,995</u>	<u>70,060</u>
Deferred capital grants	21	<u>21,699</u>	<u>20,532</u>	<u>21,205</u>	<u>20,532</u>
Endowment funds					
Specific	22	26,245	25,194	26,245	25,194
General	22	8,934	9,337	8,934	9,337
Total endowments		<u>35,179</u>	<u>34,531</u>	<u>35,179</u>	<u>34,531</u>
Reserves					
General	23	19,108	16,495	17,611	14,997
TOTAL FUNDS		<u>75,986</u>	<u>71,558</u>	<u>73,995</u>	<u>70,060</u>

Approved by the University Court of the University of St. Andrews on 10 December 2004, and signed on its behalf by:

Dr Brian A. Lang, Principal and Vice-Chancellor

William Berry, Senior Governor

Derek A. Watson, Quaestor and Factor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2004

	Notes	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Cash flow from operating activities	24	6,969	2,818
Returns on investments and servicing of finance	25	320	(307)
Taxation		0	0
Capital expenditure and financial investment	26	(16,851)	(8,662)
Acquisition	27	(1,548)	0
Management of Liquid Resources	28	126	269
Financing	29	12,264	5,679
Increase (decrease) in cash in period		<u><u>1,280</u></u>	<u><u>(203)</u></u>

Reconciliation of net cash flow to movement in net funds/(debt)

		£000	£000
Increase/(decrease) in cash in the period		1,280	(203)
Cash inflow from new secured loan	29	(12,575)	(27,029)
Cash outflow repaying old loan	29	0	21,350
Cash outflow repaying loan acquired on acquisition	29	311	0
Cash inflow from liquid resources	28	(126)	0
Change in net debt resulting from cash flows		<u>(11,110)</u>	<u>(5,882)</u>
Loan acquired with subsidiary		<u>(311)</u>	<u>0</u>
Movement in net debt in period		<u><u>(11,421)</u></u>	<u><u>(5,882)</u></u>
Net debt at 1 August		(29,979)	(24,097)
Net debt at 31 July	30	<u><u>(41,400)</u></u>	<u><u>(29,979)</u></u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

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 2003 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 Endowment Asset Investments.

Basis of consolidation

The consolidated financial statements include the University and all subsidiary undertakings as listed in the notes to the accounts for the financial year to 31 July 2004. 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 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 income earned on a specific endowment in excess of that 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.

Negative 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.

Land and buildings

Freehold land is not depreciated.

The University depreciates buildings over their useful lives as assessed by an independent expert valuer. In previous years freehold buildings were written off at the rate of between 1% and 25% per annum on cost. With effect from 1 August 2003, the University based the depreciation of its built assets on useful lives as assessed by an independent expert valuer. The University intends to have these useful lives reassessed independently every three to five years.

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

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.

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

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

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 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.

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.

Investments

Listed investments held as endowment assets are stated 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.

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 38.

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 ACCOUNTS
For the year ended 31 July 2004

2 FUNDING COUNCIL GRANTS	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
SHEFC recurrent grant	28,893	27,778
SHEFC specific grants	1,473	643
Total JISC grants	24	52
Deferred capital grants released in period	634	268
	<u>31,024</u>	<u>28,741</u>
3 TUITION FEES AND EDUCATION CONTRACTS	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
UK higher education students	6,084	5,831
EU (excluding UK) higher education students	674	648
Non-EU higher education students	10,579	7,766
UK and EU Part-Time Students	201	11
Non EU Part-Time Students	106	448
Research training support grants	144	117
Short course fees	1,723	1,459
Other fees	53	38
	<u>19,564</u>	<u>16,318</u>
4 RESEARCH GRANTS AND CONTRACTS	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Research Councils	10,450	9,760
UK government bodies, local and health authorities	4,923	4,218
UK based charities	2,059	2,718
UK Industry, commerce and public corporations	452	667
EU Government bodies	942	934
EU other	0	24
Other overseas	1,038	811
Other Sources	77	84
	<u>19,941</u>	<u>19,216</u>
Total of direct cost and overhead recovered	19,941	19,216
Income deferred to match capitalised purchases (note 21)	(1,678)	(2,356)
Release of deferred capital grant for research grant (note 21)	2,153	1,908
	<u>20,416</u>	<u>18,768</u>
5 OTHER INCOME	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Residences, catering and conferences	10,046	8,713
Other income generating activities	21	47
Released from deferred capital grants (note 21)	231	70
Release of negative goodwill (note 12)	440	0
Other income	4,814	4,388
Total other operating income	<u>15,552</u>	<u>13,218</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

6 ENDOWMENT INCOME AND INTEREST RECEIVABLE	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Income from general endowment asset investments	115	140
Gain on sale of general endowment asset properties	725	0
Income from specific endowment asset investments (note 22)	709	934
Other interest receivable	23	13
Total endowment income and interest receivable	<u>1,572</u>	<u>1,087</u>
7 STAFF COSTS	Year ended 31 July 2004 Number	Year ended 31 July 2003 Number
Average staff numbers by major category:		
Academic and other related	480	453
Administrative and clerical	516	502
Technical	139	137
Manual	503	496
Contract research	296	282
Total	<u>1,934</u>	<u>1,870</u>
Staff Costs:	£000	£000
Wages and salaries	43,853	40,529
Social security costs	3,469	2,944
Other pension costs (note 26)	5,368	4,823
Total staff costs (note 9)	<u>52,690</u>	<u>48,296</u>
Remuneration of higher paid staff (excluding employer's Pension contributions)	Number	Number
£50,001 - £60,000	69	59
£60,001 - £70,000	34	24
£70,001 - £80,000	16	3
£80,001 - £90,000	3	2
£90,001 - £100,000	1	2
£100,001- £110,000	1	0
£110,001 - £120,000	0	0
£120,001 - £130,000	0	0
£130,001- £140,000	1	1
£150,001- £160,000	0	1
£160,001- £170,000	1	0
Total	<u>126</u>	<u>92</u>
8 EMOLUMENTS OF PRINCIPAL	£000	£000
Salary	169	160
Benefits in kind	21	21
Total emoluments	<u>190</u>	<u>181</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 £14,000 (2002/03: £13,692)

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs	Depn	Other Operating Expenses	Interest Payable	Total
	£000	£000	£000	£000	£000
Year ended 31 July 2004					
Teaching departments	28,026	0	6,950	0	34,976
Teaching support services	2,944	0	1,649	0	4,593
Administration	5,014	2,121	2,864	397	10,396
Premises	2,855	0	2,438	0	5,293
Research Grants & Contracts	9,193	2,153	5,553	0	16,899
Residences, Catering & Conferences	3,275	992	4,999	855	10,121
Other Expenses	1,383	0	2,456	0	3,839
	52,690	5,266	26,909	1,252	86,117
Year ended 31 July 2003					
Teaching departments	24,977	5	6,099	0	31,081
Teaching support services	2,568	0	1,831	0	4,399
Administration	4,358	1,588	3,215	665	9,826
Premises	2,481	0	2,645	0	5,126
Research Grants & Contracts	9,412	1,908	4,547	0	15,867
Residences, Catering & Conferences	3,197	748	3,813	517	8,275
Other Expenses	1,303	0	2,240	0	3,543
	48,296	4,249	24,390	1,182	78,117

Other operating expenses include:

	2003/04 £000	2002/03 £000
Auditors' remuneration		
External audit	43	41
External audit – other services	10	4
Internal audit	53	52
Hire of plant and equipment	241	107

Additional external auditors' remuneration

In addition to the above remuneration the external auditors received £23,000 for due diligence and tax planning advice on the acquisition of Keiller (Gateway) Ltd (see note 14).

10 INTEREST PAYABLE

	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Bank Loans & Overdrafts	1,252	1,182
Total Interest Payable (Note 9)	<u>1,252</u>	<u>1,182</u>

11 SURPLUS/(DEFICIT) FOR THE YEAR RETAINED WITHIN GENERAL RESERVES

The surplus/(deficit) for the year retained within general reserves is:

	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
University's surplus/(deficit) for the year	2,532	(878)
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	80	10
Total	<u><u>2,612</u></u>	<u><u>(868)</u></u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

12 INTANGIBLE ASSETS

	Year ended	Year ended
	31 July 2004	31 July 2003
	£000	£000
Negative Goodwill		
At acquisition 16 January 2004	(1,636)	0
Released to income and expenditure in the year	440	0
At 31 July 2004	<u>(1,196)</u>	<u>0</u>

13 TANGIBLE FIXED ASSETS GROUP

	Land & Buildings		Assets under Construction	Equipment & Furniture	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 August 2003	70,778	73	8,520	26,667	106,038
Additions	1,273	0	22,513	1,894	25,680
Transfers	15,238	0	(15,238)	0	0
Disposals	(867)	0	0	0	(867)
At 31 July 2004	<u>86,422</u>	<u>73</u>	<u>15,795</u>	<u>28,561</u>	<u>130,851</u>
Depreciation					
At 1 August 2003	8,368	45	0	19,330	27,743
Charge for Period	2,095	4	0	3,167	5,266
Disposals	(100)	0	0	0	(100)
At 31 July 2004	<u>10,363</u>	<u>49</u>	<u>0</u>	<u>22,497</u>	<u>32,909</u>
Net Book Value					
At 31 July 2004	<u>76,059</u>	<u>24</u>	<u>15,795</u>	<u>6,064</u>	<u>97,942</u>
At 31 July 2003	62,410	29	8,520	7,337	78,296
Financed by capital grant	13,554	0	3,034	5,111	21,699
Other	62,505	24	12,761	953	76,243
Net book value at 31 July 2004	<u>76,059</u>	<u>24</u>	<u>15,795</u>	<u>6,064</u>	<u>97,942</u>

UNIVERSITY

	Land & Buildings		Assets under Construction	Equipment & Furniture	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 August 2003	70,778	73	8,520	26,667	106,038
Additions	1,273	0	17,460	1,894	20,627
Transfers	15,238	0	(15,238)	0	0
Disposals	(867)	0	0	0	(867)
At 31 July 2004	<u>86,422</u>	<u>73</u>	<u>10,742</u>	<u>28,561</u>	<u>125,798</u>
Depreciation					
At 1 August 2003	8,368	45	0	19,330	27,743
Charge for Period	2,095	4	0	3,167	5,266
Disposals	(100)	0	0	0	(100)
At 31 July 2004	<u>10,363</u>	<u>49</u>	<u>0</u>	<u>22,497</u>	<u>32,909</u>
Net book value					
At 31 July 2004	<u>76,059</u>	<u>24</u>	<u>10,742</u>	<u>6,064</u>	<u>92,889</u>
At 31 July 2003	62,410	29	8,520	7,337	78,296
Financed by capital grant	13,554	0	0	5,111	18,665
Other	62,505	24	10,742	953	74,224
Net book value at 31 July 2004	<u>76,059</u>	<u>24</u>	<u>10,742</u>	<u>6,064</u>	<u>92,889</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

14 INVESTMENTS	As at 31 July 2004	As at 31 July 2003
	£000	£000
Investments in subsidiary companies	552	0
Investments in non subsidiary companies	235	235
	787	235

Subsidiary companies:

The University owns 100% of the following companies

<i>Company</i>	<i>Share capital</i>	<i>Country of incorporation</i>	<i>Activity</i>
St Andrews Management Institute	Limited by guarantee	Scotland	Dormant
St. Andrews University Holdings Ltd.	Limited by guarantee	Scotland	Dormant
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
University of St Andrews Gateway Ltd	£2	Scotland	Property development

St Andrews Management Institute, St Andrews University Holdings Ltd., and St. Andrews Strategic Management Ltd. remained dormant throughout the year. On 16 January 2004 the University acquired the whole share capital of Keiller (Gateway) Ltd (subsequently changing the name to University of St Andrews Gateway Ltd). The University purchased this company by way of cash and a transfer of heritable properties adjoining Westburn Lane in St Andrews. The transfer of heritable properties included agreement on a sharing of risk between the University and the seller of Keiller (Gateway) Ltd involved the likely planning consents that were achievable on the Westburn Lane properties. The implications of this risk sharing agreement are outlined in Note 34. On acquisition the fair value of the consideration paid in respect of Keiller (Gateway) Ltd was less than the fair value of the assets acquired, resulting in the creation of negative goodwill in the University's consolidated accounts. The calculation of this goodwill is outlined below:

Analysis of the acquisition of Keiller (Gateway) Ltd

	Book value £'000	Revaluation adjustment £'000	Fair value to group £'000
Asset under construction	1,310	2,190	3,500
Bank	(994)	0	(994)
Creditors and debtors	(316)	0	(316)
	0	2,190	2,190
Negative Goodwill			(1,636)
			554
Satisfied by:			
Cash (including acquisition costs)			309
Property exchange			245
			554

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

15 ENDOWMENT ASSETS

	As at 31 July 2004 £000	As at 31 July 2003 £000
Group & University		
Balance as at 1 August	34,531	29,190
Additions	8,472	11,581
Disposals	(8,120)	(10,654)
Appreciation	677	4,689
Debtor movement	(255)	0
Cash movement	(126)	(275)
Balance as at 31 July	35,179	34,531
Represented by:		
Fixed Interest Stocks	1,972	2,318
Equities	23,974	22,399
Land & Property	8,135	8,336
Debtors	629	884
Bank, Building Society & Other Deposits	469	595
Total Endowment Assets	35,179	34,531

16 DEBTORS

	Group As at 31 July 2004 £000	Group As at 31 July 2003 £000	University As at 31 July 2004 £000	University As at 31 July 2003 £000
Amounts falling due within one year:				
Trade debtors	1,825	1,178	1,825	1,178
Debtors	579	619	626	619
Amounts owed by group undertakings	0	0	2,864	482
Prepayments & Accrued Income	4,839	4,087	4,839	4,087
	7,243	5,884	10,154	6,366

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	3,379	3,828	3,457	3,886
Payments received in advance	9,235	9,254	9,235	9,254
Trade creditors	3,826	3,593	3,826	3,593
Accruals	6,976	2,979	6,774	3,018
Amounts owed to group undertakings	0	0	1,801	1,883
Social security & other tax payable	1,187	1,080	1,187	1,080
Total	24,603	20,734	26,280	22,714

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Unsecured loan	39,604	27,029	39,604	27,029
Other long term creditors	622	216	542	216
	40,226	27,246	40,146	27,246

19 BORROWINGS

Bank Loans and Overdrafts are repayable as follows:

In one year or less	3,379	3,828	3,457	3,886
Between two and five years	1,661	0	1,661	0
In five years or more	37,943	27,029	37,943	27,029
Total repayable	42,983	30,857	43,061	30,915

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

20 PROVISIONS FOR LIABILITIES & CHARGES

As at
31 July 2004
£000

FSSU Unfunded Pension Benefits

At 1 August 2003	131
Utilised in Period	(4)
At 31 July 2004	127

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, are charged against a provision established when members retire to meet this liability (see note 31).

21 DEFERRED CAPITAL GRANTS	SHEFC £000	Research grants £000	Other grants £000	Total £000
As at 1st August 2003				
Buildings	12,060	103	3,666	15,829
Equipment	19	4,637	47	4,703
Total	12,079	4,740	3,713	20,532
Received				
Buildings	1,719	0	49	1,768
Equipment	896	1,678	0	2,574
Total	2,615	1,678	49	4,342
Disposals				
Buildings	0	0	(157)	(157)
Released to Income				
Buildings	(628)	(5)	(219)	(852)
Equipment	(5)	(2,149)	(12)	(2,166)
Total	(633)	(2,154)	(231)	(3,018)
At 31 July 2004				
Buildings	13,151	98	3,339	16,588
Equipment	910	4,166	35	5,111
Total	14,061	4,264	3,374	21,699

22 ENDOWMENT FUNDS	Specific Endow- ments Capital	Specific Endow- ments Revenue	Specific Endow- ments Total £000	General Endow- ments £000	Total Endow- ments £000	2003 £000
Group and University						
At 1 August 2003	23,409	1,785	25,194	9,337	34,531	29,190
Additions/(disposals)	464	0	464	(279)	185	918
Appreciation/(depreciation)	801	0	801	(124)	677	4,689
Income for year	0	709	709	115	824	1,074
Expenditure for year	0	(923)	(923)	(115)	(1,038)	(1,340)
Transfer	75	(75)	0	0	0	0
At 31 July 2004	24,749	1,496	26,245	8,934	35,179	34,531

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

22 ENDOWMENT FUNDS	(Continued)	Specific Endow- ments	General Endow- ments	Total Endow- ments	2003
Representing		Total £000	£000	£000	£000
Chairs and lectureships		7,440	0	7,440	7,099
Other specific purposes		9,421	0	9,421	7,208
Scholarships and bursaries		8,661	0	8,661	10,216
Prize funds		723	0	723	671
Other funds		0	8,934	8,934	9,337
Total		<u><u>26,245</u></u>	<u><u>8,934</u></u>	<u><u>35,179</u></u>	<u><u>34,531</u></u>

23 MOVEMENT ON GENERAL RESERVES	Group		University	
	Year ended 31 July		Year ended 31 July	
	2004	2003	2004	2003
	£000	£000	£000	£000
Income and expenditure account reserve at 1 August 2003	16,495	17,363	14,999	15,865
Surplus/ (Deficit) retained for the year	2,612	(868)	2,612	(868)
At 31 July 2004	<u><u>19,108</u></u>	<u><u>16,495</u></u>	<u><u>17,611</u></u>	<u><u>14,997</u></u>

24 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/ (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2004	Year ended 31 July 2003
	£000	£000
Surplus/ (deficit) before tax	2,400	(1,134)
Depreciation	5,266	4,249
Amortisation of negative goodwill	(440)	0
Deferred capital grants released to income	(3,018)	(2,246)
Deferred capital disposal	(157)	0
Investment income	(1,572)	(1,353)
(Profit)/ loss on sale of tangible fixed assets	(389)	1,149
Loss on disposal of investment	0	4
Interest payable	1,252	1,182
Decrease in stocks	15	34
(Increase)decrease in debtors	(1,359)	19
Increase in creditors	4,975	947
(Decrease) in provisions	(4)	(33)
Net cash inflow from operating activities	<u><u>6,969</u></u>	<u><u>2,818</u></u>

25 RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	Year ended 31 July 2004	Year ended 31 July 2003
	£000	£000
Income from Endowments	1,549	1,065
Other Interest Received	23	0
Interest Paid	(1,252)	(1,372)
Net cash inflow/ (outflow) for returns on investment and servicing of finance	<u><u>320</u></u>	<u><u>(307)</u></u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

26 CAPITAL EXPENDITURE & FINANCIAL INVESTMENT						Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Purchase of tangible fixed assets						(22,180)	(14,818)
Payments to acquire endowment assets						(8,472)	(11,035)
Sales of tangible fixed assets						1,156	183
Receipts from sales of endowment asset investments						8,119	10,624
Deferred Capital Grants Received						4,341	5,466
Endowments Received						185	918
Net cash (outflow) for capital expenditure and financial investment						<u>(16,851)</u>	<u>(8,662)</u>
27 ACQUISITION						Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Purchase of subsidiary undertaking						(554)	0
Overdraft acquired with subsidiary						(994)	0
Net cash (outflow) for acquisition						<u>(1,548)</u>	<u>0</u>
28 MANAGEMENT OF LIQUID RESOURCES						Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Movement on endowment assets						126	269
Net cash inflow from management of liquid resources						<u>126</u>	<u>269</u>
29 FINANCING						Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
New secured long term loan						12,575	27,029
Repayment of long term loan						0	(21,350)
Repayment of loan acquired with subsidiary						(311)	0
Net cash inflow from financing						<u>12,264</u>	<u>5,679</u>
30 ANALYSIS OF CHANGE IN NET DEBT	At 1 Aug 2003	Cash Flows	Acquisition	Other Non Cash Changes	At 31 July 2004		
	£000	£000	£000	£000	£000		
Cash							
at Bank and In Hand	283	831	0	0	1,114		
Endowment Cash	595	(126)	0	0	469		
Bank Overdraft	<u>(3,828)</u>	<u>449</u>	<u>0</u>	<u>0</u>	<u>(3,379)</u>		
	(2,950)	1,154	0	0	(1,796)		
Debt due within one year							
Unsecured loan	0	311	(311)	0	0		
Debt due after one year							
Unsecured loan	(27,029)	(12,575)	0	0	(39,604)		
Total	<u>(29,979)</u>	<u>(11,110)</u>	<u>(311)</u>	<u>0</u>	<u>(41,400)</u>		

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

31 PENSION ARRANGEMENTS

There are two main pension schemes for University staff as noted below. The University continued to account for these schemes in accordance with SSAP 24. The disclosures given in (a) are those required by that standard. Additional disclosures required by FRS 17 (Accounting for) Retirement Benefits are dealt with in (b) hereunder.

(a) SSAP 24

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 2002 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.

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&LAS*
	31 March 2002	31 July 2003
Date of latest published actuarial valuation		
Investment returns per annum – existing investments	5.0%	6.6%
Investment returns per annum – future investments	6.0%	6.6%
Salary scale increases per annum	3.7%	4.0%
Pension increases per annum	2.7%	2.5%
Market value of assets at date of last published valuation	£19,956M	£26.6M
Proportion of members' accrued benefits covered by actuarial value of the assets	101%	81%

	U.S.S.	S&LAS
The rates of contribution are as follows:		
From Court	14.00%	20.23%
From members	6.35%	7.77%

* The Pensions Act 1995 and subsequent regulations established a minimum funding requirement (MFR) against which the finances of the Scheme must be tested. An MFR valuation was conducted as at 31 July 2003. Following this revaluation and with effect from 1 February 2004, contributions of the Court were increased from 15.6% to 20.23% and of members from 6% to 7.77%. These increases are designed to return the fund to a balanced financial position within 10 years.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

31 PENSION ARRANGEMENTS (continued)

The total pension costs to the University and its subsidiaries was:	2003/04 £000	2002/03 £000
Contributions to U.S.S.	3,910	3,590
Contributions to S.&L.A.S.	1,458	1,233
Total pension costs (note 6)	5,368	4,823

(b) FRS 17

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 2002. 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 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% 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 £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

31 PENSION ARRANGEMENTS (continued)

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 31st March 2005 when the above rates will be reviewed.

The total USS pension cost for the institution was £3.877million (2002/ 2003 - £3.592million). This includes £0.321million (2002/ 2003 - £0.299million) of outstanding contributions at the balance sheet date. The contribution rate payable by the University was 14% of pensionable salaries. Employees' regular contributions were £1.760million (2002/ 2003 - £1.630million) and £0.144million (2002/ 2003 - £0.137million) 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 2003 and updated to 31 July 2004 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were

	2004	2003	2002
Discount Rate	4.35%	3.75%	5.75%
Rate of increase in pensions in payment	2.85%	2.25%	2.00%
Rate of increase in salaries	5.75%	5.50%	4.00%
Inflation assumption	2.85%	2.25%	2.50%

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

	2004		2003		2002	
	Expected Rates of Return	£000	Expected Rates of Return	£000	Expected Rates of Return	£000
Equities	8.75%	23,500	8.00%	21,200	8.5%	19,200
Bonds	5.00%	4,800	4.75%	4,500	5.0%	4,500
Others	5.00%	600	4.75%	700	5.0%	800
		<u>28,900</u>		<u>26,400</u>		<u>24,500</u>

The following amounts were measured in accordance with the requirements of FRS 17:

	2004	2003	2002
As at 31 July	£000	£000	£000
Total market value of scheme assets	28,900	26,400	24,500
Present Value of scheme liabilities	<u>(42,700)</u>	<u>(36,400)</u>	<u>(33,900)</u>
Deficit in scheme	<u>(13,800)</u>	<u>(10,000)</u>	<u>(9,400)</u>

Under the FRS17 transitional arrangement that apply for the year ending 31 July 2004, the above amounts are not recognised in the financial statements. If they had been, the University's net assets and general reserve at 31 July would be as follows:

	2004	2003	2002
Net assets:	£000	£000	£000
Net assets excluding pension liability	75,986	71,558	64,245
Pension liability	<u>(13,800)</u>	<u>(10,000)</u>	<u>9,400</u>
Net assets including pension liability	<u>62,186</u>	<u>61,558</u>	<u>54,845</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

31 PENSION ARRANGEMENTS (continued)

Reserves:

Income and expenditure reserve excluding pension liability	19,108	16,495	17,363
Pension liability	<u>(13,800)</u>	<u>(10,000)</u>	<u>(9,400)</u>
Income and expenditure reserve including pension liability	<u>5,308</u>	<u>6,495</u>	<u>7,963</u>

Additionally, if the pension costs had been recognised in accordance with FRS 17, the following components of the pensions charge would have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2004:

	Year ended 31 July 2004	Year ended 31 July 2003
	£000	£000
Analysis of amounts charged to income and expenditure account:		
Current service cost:	1,384	1,284
Past service cost	<u>300</u>	<u>0</u>
Total operating charge	<u>£3,719.00</u>	<u>£3,318.00</u>

Analysis of net (charge)/return on pension scheme:

Expected return on pension scheme assets	1,975	1,920
Interest on pension liabilities	<u>(1,983)</u>	<u>(1,918)</u>
Net (charge)/return	<u>(8)</u>	<u>2</u>

Analysis of amounts recognised in statement of total recognised gains and losses:

Actual return less expected return on pension scheme assets	(513)	(903)
Experience gains and losses arising on scheme liabilities	(32)	609
Changes in assumptions underlying the present value of scheme liabilities	<u>(3,100)</u>	<u>(300)</u>
Actuarial loss recognised in STRGL	<u>(3,645)</u>	<u>(594)</u>

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

	£000	£000
Deficit on scheme 1 August 2003	(10,000)	(9,400)
Movement in year:		
Current service cost	(1,384)	(1,284)
Contributions	1,537	1,276
Past service costs	(300)	0
Other finance income	(8)	2
Actuarial loss	<u>(3,645)</u>	<u>(594)</u>
Deficit on scheme at 31 July 2004	<u>(13,800)</u>	<u>(10,000)</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

31 PENSION ARRANGEMENTS (continued)

	2004	2003
The University has contributed to the scheme at the following rates of pensionable salary :		
1 August 2003 to 31 January 2004	15.6%	15.6%
1 February 2004 to 31 July 2004	20.23%	15.6%

History of experience gains and losses:

	2004	2003
Difference between the expected and actual return on scheme assets		
Amount (£000)	(513)	(903)
Percentage of scheme assets	1.78%	3.42%

Experience gains and losses on scheme liabilities

Amount (£000)	(32)	609
Percentage of present value of the scheme liabilities	0%	(1.67)%
Total amount recognised in the statement of total recognised gains and losses		
Amount (£000)	(3,645)	(594)
Percentage of the present value of the scheme liabilities	8.54%	1.63%

32 POST BALANCE SHEET EVENTS

There have been no post balance sheet events of significance to the financial statements.

33 CAPITAL COMMITMENTS

	Year ended 31 July	
	2004	2003
	£000	£000
Commitments contracted for at 31 July	11,536	18,192

34 CONTINGENT LIABILITY

The University entered into a risk sharing agreement with the former owners of Keiller (Gateway) Ltd on the acquisition of the Keiller (Gateway) Ltd. Under this agreement the University may have to pay up to £550,000, or receive a similarly calculated amount, dependent on the area of development granted planning consents on the properties which the University sold to the former owners of Keiller (Gateway) Ltd.

35 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.

36 STUDENT SUPPORT FUNDS

From the 1 August 2002, the Access fund was superseded by two new funds, namely the Hardship Fund and the Mature Students' Bursary Fund. Like the Access Fund, Hardship and Mature Students' Bursary Funds 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.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

36 STUDENT SUPPORT FUNDS (Continued)

	2003-04	2003-04	2003/04	2003/04	2002/03
	Hardship	Mature student bursary	Other	Total	Total
	£000	£000	£000	£000	£000
Balance b/fwd	0	0	0	0	13
Funds received in the year	172	55	0	227	196
Interest received in year	6	2	0	8	8
Expenditure	(186)	(61)	0	(247)	(216)
Repayable to funding body (clawback)	0	0	0	0	0
Virements	0	0	0	0	0
Balance c/fwd	(8)	(4)	0	(12)	1

37 UNIVERSITY COLLECTIONS

The University 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
	<u>75,285</u>