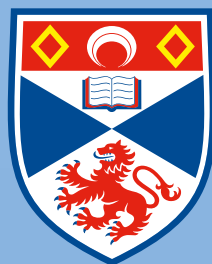


Reports and Financial Statements of the University Court

for the year to 31 July 2018



University of
St Andrews

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Chair's Statement

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

We work in times which are as challenging as any in the last half century, and as potentially disruptive as they are fascinating.

On the one hand the University must bear academic witness to the rapid pace of geo-political and technological change and its consequences, on the other it is bound to organise itself smartly to respond to the pressures and opportunities visited on it by that same volatility.

The dismantling of traditional alliances and the uncertainties which accompany these shifts are necessarily difficult and unsettling. Yet in St Andrews, the quality of what we do has never been stronger.

Notwithstanding our comparatively small size, our research portfolio remains comprehensive, diverse, widely-cited and of the highest quality. Our distinctive brand of research-led teaching is the biggest single factor in ensuring the University's continued run of remarkable results in the league tables which have become increasingly important markers of quality in international higher education.

We are third in the Guardian University Guide, third in the Times and Sunday Times Good University Guide, and fifth in the Complete University Guide. We are again the highest ranked multi-faculty university in the UK in the National Student Survey.

That is not to diminish the potential seriousness of the risks posed to us by an unsettled world. A chaotic UK exit from the European Union would pose considerable challenges. We also must balance pressing institutional resource demands and the needs of staff who have suffered a real-terms pay cut in recent years.

This summer's national dispute over the future of the Universities Superannuation Scheme affected St Andrews deeply like many other British universities and has focused minds on the need for a frank debate about the kind of community we want to be, and the realities of our funding position.

It is never easy to plan for upheaval or uncertainty, but I am delighted that the University has prioritised

the development of a new strategic plan, one which acknowledges the reality of complex change, but is never cowed by it. The new plan is highly ambitious and will signal this University's intention to build on its status as Scotland's first and now pre-eminent seat of learning.

The strategic plan is cast around four key themes – World-leading St Andrews, Diverse St Andrews, Global St Andrews and Entrepreneurial St Andrews – and for the first time will include a clear statement of our commitment to Social Responsibility at its heart. I welcome that.

It will require bold investment in our people and our estate, and I look forward to being able to report early progress on its objectives next year.

The financial outcomes for the year just past, which are described in the Operating & Financial Review on pages 12 to 15, were satisfactory. It is notable that in the current year we will receive less than one fifth of our income from the Scottish Government.

Our surplus for the year before other gains and losses was £23.5million including a £13.6million development fee from our partners in the construction of new student accommodation. Our endowment funds have risen from £66.8million to £71.8million, through a combination of stock market performance and sustained hard work by our development team. We received £4.1million of donations and endowments from our generous benefactors, which will assist greatly with student support and other operational activities.

None of these achievements would be possible without the contribution that each and every one of you makes to the success of this wonderful University. My sincere thanks to all of you.

Dame Anne Pringle
Senior Governor
26 October 2018

Membership of Court and Committees



Membership of the University Court

Status	Member	Membership of Standing Committees & Assurance Groups	Court meetings attended 2017/18
The Rector (President)	Ms Catherine Stihler (until 31 October 2017)	-	1/1
	Mr Srdja Popovic (from 1 November 2017)	-	2/3
Senior Governor (Vice-President)	Dame Anne Pringle	Governance & Nominations Planning & Resources Remuneration & Human Resources	4/4
The Principal & Vice-Chancellor	Professor Sally Mapstone	Governance & Nominations Planning & Resources Remuneration & Human Resources (until November 2017)	4/4
Master of United College & Deputy Principal	Professor Garry Taylor	Planning & Resources (in attendance)	4/4
The Chancellor's Assessor	Mr Adrian Greer	Health & Safety Assurance Group Planning & Resources	4/4
The Rector's Assessor	Vacancy (from 1 August 2017 until 11 December 2017)	-	-
	Ms Camilla Duke (from 12 December 2017)	-	2/3
Fife Council Representative	Cllr Jim Leishman (Provost of Fife)	-	3/4
Assessors of the General Council (2)	Mr Ken Cochran	Academic Assurance Group University Ethics Assurance Group Audit & Risk (from 1 August 2018)	4/4
	Mr Nigel Christie	Audit & Risk Investments & Treasury Assurance Group	3/4
Assessors of the Senatus Academicus (4)	Professor Frances Andrews	Planning & Resources	4/4
	Professor Sharon Ashbrook	Planning & Resources (in attendance)	4/4
	Dr Morven Shearer	-	3/4
	Dr Philip Roscoe (until 31 July 2018)	-	4/4
	Dr Derek Ball (from 1 August 2018)	-	N/A
Non-Academic Staff Member	Ms Donna Pierz-Fennell	Governance & Nominations	4/4

Membership of the University Court (cont'd)

Status	Member	Membership of Standing Committees & Assurance Groups	Court meetings attended 2017/18
Student Representatives (2)	Mr Lewis Wood (President) (until 30 June 2018)	Governance & Nominations Planning & Resources	4/4
	Ms Paloma Paige (President) (from 1 July 2018)	Governance & Nominations Planning & Resources	N/A
	Mr Zachary Davis (Director of Education) (until 30 June 2018)	Planning & Resources (in attendance)	4/4
	Ms Alice Foulis (Director of Education) (from 1 July 2018)	Planning & Resources (in attendance)	N/A
Non-Executive Members (8)	Mr Tim Allan	Planning & Resources	4/4
	Mrs Pamela Chesters	Audit & Risk	4/4
	Mr Kennedy Dalton	Governance & Nominations Remuneration & Human Resources	4/4
	Professor Stuart Monro	Audit & Risk Governance & Nominations	4/4
	Mr Nigel Morecroft	Investments & Treasury Assurance Group Remuneration & Human Resources	4/4
	Dame Anne Pringle	See above for Senior Governor	4/4
	Dr Mary Popple (until 31 July 2018)	Planning & Resources	4/4
	Ms Eve McCurrich (from 1 August 2018)	Planning & Resources	N/A
	Professor Sir David Wallace	Planning & Resources Remuneration & Human Resources	4/4

Membership of Standing Committees

Audit & Risk Committee	Member	Meetings attended 2017/18
Non-Executive Members of Court	Mrs Pamela Chesters	5/5
	Professor Stuart Monro	4/5
General Council Assessor	Mr Nigel Christie	4/5
	Mr Ken Cochran (from 1 August 2018)	N/A
Co-opted external nominees	Mr Jim Lindsay	4/5
	Ms Lynn Brown	5/5

Governance & Nominations Committee	Member	Meetings attended 2017/18
External Convener	Sir John Elvidge (until 30 June 2018)	3/3
	Professor Stuart Monro (from 1 July 2018)	N/A
<i>ex officio members</i>		
Senior Governor	Dame Anne Pringle	3/3
Principal	Professor Sally Mapstone	2/3
President of the Students' Association	Mr Lewis Wood (until 30 June 2018)	3/3
	Ms Paloma Paige (from 1 July 2018)	N/A
Non-Executive Members of Court	Mr Kennedy Dalton	2/3
	Professor Stuart Monro	3/3
Senate Assessor	Dr Derek Ball (from 1 August 2018)	N/A
Non-Academic Staff Member	Ms Donna Pierz-Fennell	3/3

Planning and Resources Committee	Member	Meetings attended 2017/18
<i>ex officio members</i>		
Senior Governor	Dame Anne Pringle (Convener)	4/4
Principal	Professor Sally Mapstone	4/4
Quaestor & Factor	Mr Derek Watson	4/4
President of the Students' Association	Mr Lewis Wood (until 30 June 2018)	4/4
	Ms Paloma Paige (from 1 July 2018)	N/A
Non-Executive Members of Court	Mr Tim Allan	4/4
	Dr Mary Pople (from May 2017 until 31 July 2018)	4/4
	Ms Eve McCurrich (from 1 August 2018)	N/A
	Professor Sir David Wallace	4/4
Chancellor's Assessor	Mr Adrian Greer	4/4
Senate Assessor	Professor Frances Andrews	4/4

Membership of Standing Committees (cont'd)

Remuneration & Human Resources Committee	Member	Meetings attended 2017/18
Non-Executive Members of Court	Mr Nigel Morecroft (Convener)	3/3
	Mr Kennedy Dalton	2/3
	Professor Sir David Wallace	3/3
<i>ex officio members</i>		
Senior Governor	Dame Anne Pringle	3/3
Principal	Professor Sally Mapstone (until November 2017)	1/1
Co-opted external nominee	Ms Lynne Dalgarno	3/3
General Council Assessor	Mr Nigel Christie (from 1 August 2018)	N/A

Achievements in the year



While pension negotiations and industrial action have had a significant impact on academic life across the country this year, the University of St Andrews has worked hard to maintain its commitment to debate, fairness, and objective analysis.

Research and Scholarship

- Stephen Reicher, Wardlaw Professor in the School of Psychology & Neuroscience at the University, has been awarded the 2018 Harold Lasswell Award by the International Society of Political Psychology (ISPP).
- Professor David O'Hagan of the School of Chemistry has been awarded the 2018 Prix Henri Moissan for his work in fluorine chemistry.
- Professor Andrew Smith is the Royal Society of Chemistry's Charles Rees Award winner, in recognition of his development of organocatalysis methodology to synthesise new heterocyclic ring systems.
- Dr Sabine Hyland has been awarded a \$55,000 Guggenheim Fellowship for her efforts to decode the "lost" writing of the Incas.
- Researchers in the School of Medicine have been awarded a £2.8million Global Consortia grant by the Medical Research Council to investigate antibacterial resistance.
- A breakthrough in catalysis research by involving St Andrews academics could lead to the development of clean diesel engine technology and help combat air pollution.
- The launch of Cyber Nexus, a £420k investment by the UK and Scottish governments, brought Scotland's academic cybersecurity capability together under the leadership of Professor Kevin Hammond, to ensure Scotland is a world leader in cybersecurity and cyber resilience.

Teaching

- Leading accounting and business services firm PwC, has joined forces with the Universities of Edinburgh and St Andrews to offer the new work-based learning route to a BSc (Hons) Data Science degree.
- The Handa Centre for the Study of Terrorism and Political Violence (HCSTPV) received the top prize in the Counter Terrorism Education Project Category organised by Public Sector Information (PSI) Media.
- The Biomedical Sciences Research Complex and the School of Medicine signed a memorandum of agreement with the Chinese PLA General Hospital (PLAGH), with a view to offering student exchanges and scientific collaborations.

League Tables

- The Guardian University Guide – top in Scotland, third in UK (same as last year).
- The Times and Sunday Times University Guide – top in Scotland and third in the UK (same as last year) and top in the UK for teaching quality, runner up UK University of the Year.
- The Complete University Guide – first in Scotland and fifth in UK (down from third in the UK last year).
- The National Student Survey – top multi-faculty institution in the UK (for the tenth time in twelve years).
- The Times Higher University World Rankings – 143rd (down from 110th).
- The QS University World Rankings – 97th (down from 92nd).
- The Leiden World Scientific Ranking – at an institutional level, we remain within the top 50 institutions for the top 1% most frequently cited publications. Supporting our international outlook we continue to rank in the top 100 for the proportion of research involving co-authors from overseas institutions (ranked 29).

Innovation and Enterprise

- Recently-formed spin-out, Orbital Diagnostics, won the Innovation Award at the 2018 Scottish Life Science Awards.
- A new Innovation Centre is planned for the University's Eden Campus where University spin-out companies and other high-tech enterprises will form the heart of a vibrant technology hub.

Growth

- The University is investing £70million in new student residences and refurbishment to provide an additional 900 student beds across St Andrews. Two new halls, Powell Hall and Whitehorn Hall will come on stream this year with just under 400 additional bed spaces.
- The ongoing development of the new £16m Scottish Oceans Institute Gatty Laboratory at the University of St Andrews is a clear signal that, with its MASTS partners, the University will maintain its pre-eminence in Marine Science along with strong relationships with European partners.
- The 600th anniversary fundraising campaign has surpassed its £100million target.
- Construction of the University's new Laidlaw Music Centre has begun; heralding a state-of-the-art facility that will be at once an intimate performance venue, a flexible rehearsal space, and a high-tech recording facility.
- Work is progressing on a multi-million pound development which will see 450 University staff relocate from St Andrews to the Eden Campus at Guardbridge, providing a fit for purpose environment for Professional Services while releasing space within St Andrews for research and teaching.
- A dedicated student medical hub opened this summer at the St Andrews Community Hospital, providing efficient triage and access to other healthcare services specifically for University students.
- This year we completed a £14million redevelopment of the Sports Centre providing: state of the art indoor tennis courts and a climbing wall, and some of the best sporting facilities in Scotland.

Diversity

- The University's Athena SWAN Bronze Award has been renewed for a further three years, and the Schools of Biology and Psychology & Neuroscience have achieved Athena SWAN Silver Awards. The awards recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine (STEM) employment in higher education and research.
- The University celebrated the first young students to graduate from our new purpose-built nursery.
- The University published *Academic Women Here! On being a female academic at the University of St Andrews*; revealing the variety of routes women have forged to take their careers in academia forward and emphasising the fact that there is no such thing as an archetypal female academic.
- The Elizabeth Garrett Mentoring Programme has been launched as a pilot, to support women in senior levels in academia.
- We have established a Gender, Diversity and Inclusion research fund which has so far stimulated 14 projects across the sciences, social sciences and humanities.
- Almost half of all Scottish students admitted to St Andrews this year 2017/18 met at least one of our broad widening access criteria, such as coming from an area of socio-economic disadvantage, had a background in care, were in receipt of free school meals or came from a low progression school. That figure has grown from 39% to 49% in the space of a year.

Operating & Financial Review



Preparation of the financial statements

The financial statements for the year to 31 July 2018 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and the Scottish Funding Council's (SFC) annual Accounts Direction.

As noted in the statement of principal accounting policies on page 33, the financial statements have been prepared on a historical cost basis as modified to include investments and financial instruments at their market value.

Results for the year

Total income increased by 9.1% to £250.9million and the surplus for the year before other gains and losses was £23.5million (£11.7million in 2016/17). There were two material non-recurring items included within this result, a £13.6million development fee relating to the construction of new student accommodation, and a £3.0million research capital grant towards the construction of a new state of the art marine sciences building. Adjusting for these large one-off items, and excluding £4.1million of donations, the underlying operating surplus of £2.8million falls well short of 3% of turnover – the amount targeted by the University in order to meet its strategic objectives.

The University benefited from two main non-operational movements in the year including investment gains of £6.6million, and an actuarial pension gain of £9.8million. These gains were offset by a £0.6million loss on asset disposals, and results in a total comprehensive income surplus of £39.5million for the year.

Grants received from the SFC totalled £38.3million, representing 15.2% of total income, which is down from 17.5% in 2016/17. Real terms static funding body grant settlements are not keeping track with cost inflation pressures, putting reliance on the strength of the University to generate growth in income from other sources, or reduce current levels of expenditure.

Tuition fee income rose by 7.4% to £100.2million, reflecting growth in income from overseas undergraduates and postgraduates. Application levels from overseas students continue to grow year on year. However, whilst this University continues to be very successful in attracting high quality overseas students, the competition to attract these students is increasing. In response to this, the University's strategy is to continue to work hard to maintain its excellent standards and reputation for world leading research-led teaching in order to attract the very best students from around the world.

Research income has increased by 8.7% to £41.3million, boosted by a one-off £3.0million research capital grant towards the construction of an expanded and significantly enhanced marine science research building and aquarium. Excluding this, underlying research income is slightly higher than the prior year.

A marked increase in grants awarded through 2017/18 should result in research activity and income increasing from 2018/19.

The University has been successful in negotiating a development fee with our partner as part of the expansion of student accommodation. Excluding these one off fees received in both the current and prior financial years (£13.6million and £4.2million respectively), underlying other income increased by £4.1million (8.7%) from last year's figure of £47.6million. Increases in grants towards capital projects and higher residential income from increased semester occupancy levels and summer activity accounts for this positive result.

Investment income which derives mainly from the University's Endowment funds and helps to support widening access and provide accommodation support through the funding of bursaries, has increased by 6.0% to £1.7million. As a result of careful management over the last few years, cash balances have been built specifically to help support the University's ambitious capital plans; however philanthropic support will also be essential to help the University meet its ambitions for capital investment in the coming years.

Donations were down by £1.1million in the year, from a peak of £5.2million in the prior year, when a higher number of endowed scholarships were received through the University's American Foundation. Un-endowed donations increased by £0.3million to £2.8million in the current financial year. The rolling three-year trend for endowments and donations shows an increasing amount of money being given to the University, reflecting the belief of friends and supporters in who we are, what we do and where we are going.

Staff costs have increased year on year by £6.6million (5.6%) to £125.1million. The overall total includes a £2.3million release from the USS deficit recovery provision, and a £1.1million charge in order to reflect the current service costs of the local defined benefit pension scheme. Whilst there has been some growth in both the academic and professional service workforce, the level of inflationary cost growth far exceeds the funding support from government regulated sources.

Other operating expenses increased by £3.2million (3.9%) in line with management decisions across several strategic areas for the University. Additional rental costs, relating to increased bed numbers which account for most of the year on year increase, were fully offset by additional rental income. Investment in the University's estate and information technology infrastructure has also increased to ensure that these areas remain fit for purpose.

Depreciation remained stable at £12.9million for the year although this is expected to increase as we move forwards with our capital investment plans.

Interest and other finance costs decreased by £0.7million in the year as a result of a restructuring of long term loans carried out early in the financial year. The University borrowed £37million via a Private

Placement, and used to repay £30million of long-term debt plus breakage fees. Under the new arrangements, the cost of capital has been reduced while the repayment of the principal has been moved out by fourteen years to 2033, thus releasing cash for investment in the capital programme.

A strong stock market performance saw net investment values increase by £6.6million in the year, showing continued strong performance through positive fund manager performance whilst markets remain buoyant. The University reviewed its asset allocation strategy during the year and has begun the process of rebalancing the portfolio by modestly diversifying away from equities and into alternative asset classes, including property. Recognising the University is a long term investor, this strategy should ensure we are able to benefit from positive market growth, whilst adding some protection should the market move negatively.

Actuarial adjustments relating to the local defined benefit pension scheme contributed £9.8million to total comprehensive income, with changes in discount rates along with positive asset performance being the main drivers for this gain.

Net assets increased by £39.5million to £336.3million which relates mainly to capital investment, endowment fund appreciation, increased cash balances, positive movements in pension provisions and a reduction in short term creditors, all offset by an increase in long-term loans.

The University continues to invest heavily in the estate via its strategic capital investment plan, with around £30.3million of capital additions in the year. Much of the spend was around improving facilities for students – particularly in sport, residencies and music – as well as longer term strategic projects such as the creation of Eden Campus located in Guardbridge and enhanced marine research facilities and aquarium at the East Sands. In addition, we continue to see investment in additional student accommodation through our development partner. We are very grateful for support from friends of the University who continue to show faith in our ambitious plans by offering support for our capital investment plans.

Our longer term investments – primarily endowments which are invested in sustainable and socially responsible funds – increased in value by around £5.1million in the year due to favourable market conditions. As part of the newly agreed investment strategy, around £3.5million cash was divested from the endowment fund late in the financial year and is now ring-fenced within the University's short-term investment balances. Cash and short-term investment balances have increased by £11.9million, mainly as a result of the £13.6million development fee linked to student accommodation expansion, the £3.5million transfer from the endowment fund noted above, and the £3million marine research capital grant. These were offset by increased capital spend and a £1.5million capital repayment of the loan used to finance construction of the Biomass plant.

Key Performance Indicators

The University measures its performance against a set of six Key Performance Indicators (KPI's) covering Research; Learning, Teaching and Student Experience; Financial Stability; Staff; Infrastructure; and Reputation.

Performance against target is reported via the Planning and Resources Committee to Court on a quarterly basis using a Red, Amber, Green (RAG) system which allows Court members to focus on areas of concern. In 2016/17 particular attention was given to research grant performance as an area of recurring concern, and management were challenged to make improvements within this strategically important area. The level of applications submitted and, more importantly, the volume of grants awarded to our academics, showed significant improvement over the previous couple of years, reflecting the actions of management in this area.

Further details regarding Court, including minutes of the quarterly meetings are available via the University website.

Principal risks and uncertainties

The planned operating surplus of the University for 2018/19 has been revised downwards from that previously estimated, showing a break-even position. This is as a result of the University facing a period where cost inflation is forecast to outstrip income inflation and growth, during a period of a static student population. Operating at such low margins will require the University to prioritise its spending plans and opportunities to diversify and grow its income throughout the lifetime of its three year Financial Plan. There are several specific areas of risk which must be taken into account in the coming years:

- The ongoing and unresolved issues relating to the 2017 valuation of the USS pension scheme are likely to result in further increases in employer, and employee, contributions in the coming financial year. A Joint Expert Panel, established jointly by UUK and UCU, has produced a report for consideration by the USS Trustees as part of the process to conclude the 2017 valuation exercise. There is a risk of both a significant financial impact on the staff costs of the University, as well as for individual members of staff, with the potential for further industrial relations challenges if changes to the scheme, whether that be contribution levels and/or to the benefits package, cannot be agreed by employers, employees and ultimately the USS Trustees and Pension Regulator. Being part of a multi-employer scheme makes the ability to directly influence negotiations challenging. However the University is maintaining ongoing communication with staff, as well as sending in considered responses to the Joint Expert Panel, throughout this period of uncertainty.

- Brexit will undoubtedly impact the University's operations, but how and to what extent is still unknown. University management are monitoring the situation closely and continue to consider how to mitigate some of the potential risks to the University, for both research and teaching. Much will depend on decisions taken at UK and Scottish Government level.
- The University's longer term financial strategy depends on growth in student numbers, along with managing costs and generating income from alternative sources. With Scottish and EU places currently restricted by the Scottish Government, this growth must come from RUK and/or overseas students. Increased competition means that applications and student numbers from these cohorts of students may not be maintained. The University will seek to mitigate this risk by continuing with its commitment to excellence in teaching and research, as well as ensuring student satisfaction remains at the highest levels. In addition, we will continue the search to identify the brightest minds from areas where we have not previously seen much traction. Any further changes to UK or Scottish Government policy affecting either immigration status or fee status of students will be carefully reviewed and reflected in the strategy of the University.
- The forecast modest growth in research grant awards may not be achieved, thereby impacting on our income levels, the contribution towards overheads and ultimately the operating surplus of the University. Brexit in particular could hamper the achievement of, and involvement in, EU funding. The University will continue to encourage our academics to apply for research grants irrespective of funding source as we believe it is right to encourage our commitment to research on a global platform.
- The Scottish Funding Council may continue to make further cuts to teaching, research and capital grants as part of the Scottish Government Spending Review without reducing demands for student places. The University will continue to seek diversified income streams in order to reduce reliance on government funding, as well as striving to ensure it is efficient and effective in all that it does.
- Pay negotiations, which are carried out at a UK level, may continue to be a pressure due to the growing gap between headline inflation, restrictions on income growth and affordable pay offers. The University will seek to manage any additional growth in costs by seeking to enhance its efficiency and productivity without compromising on quality and student experience.

Looking forward

Although the £23.5million surplus for 2017/18 was above expectations, it was boosted by a number of non-recurring items with the underlying surplus being significantly tighter. Court is committed to managing pay costs, realising efficiency savings and increasing research income to safeguard longer-term financial sustainability. The ambitious capital investment plans, include improving the facilities and working environment for Professional Services Staff; refurbishing the Younger Hall to create not only a large town centre lecture theatre but enhanced facilities for ceremonies/conferences; re-utilising space made available by Professional Services staff into enhanced space and facilities for students and staff and replacing the current Maths building with a STEM facility. These investments, along with the blank canvass that is the Madras school site on South Street, will allow us to ensure our estate will match our ambitions in our strategic vision.

Financial pressures notwithstanding, the University will continue to look after its students, preserve its heritage and enhance its teaching and research capabilities, continually striving for excellence in everything that it does.

Andy Goor
Chief Financial Officer
26 October 2018

Responsibilities of Court



In accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966, Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Court is responsible for ensuring that there are proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Act 1889 as amended by the Universities (Scotland) Act 1966, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with SFC, through its designated office holder, Court is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently.
- judgements and estimates are made that are reasonable and prudent.
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements.
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Court has responsibility to:

- ensure full compliance with charities legislation and the retention of the University's charitable status.
- ensure that funds from SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with SFC and any other conditions which SFC may from time to time prescribe.

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- ensure that there exists an effective platform for the control and monitoring of risk and that risk implications are considered at all areas within University management.
- safeguard the assets of the University and prevent and detect fraud.
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, staff.
- A comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial performance, including updates of forecast out turns and cashflows.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court and promulgated in the Standing Financial Instructions.
- An Audit & Risk Committee whose terms of reference are summarised on page 20.
- Comprehensive Financial Regulations, detailing financial controls approved by Court on the recommendation of the Audit & Risk Committee.
- An Internal Audit team whose annual programme is approved by the Audit & Risk Committee and endorsed by Court providing Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Corporate governance



Introduction

The University is committed to best practice in all aspects of corporate governance. The University has previously based its approach and standards on the principles and supporting guidelines established in the Scottish Code of Good HE Governance (the Scottish Code), which came into effect on 1 August 2013. These continue to apply, and the University has made good progress in ensuring compliance with the revised Scottish Code of Good HE Governance, reporting regularly to Court's Governance & Nominations Committee. The University also takes account of good practice guidance elsewhere, including the UK Committee of University Chairs (CUC) Higher Education Code of Governance, and the CUC guidance on Remuneration Committees published in 2018.

Compliance with relevant legislation

The University reports regularly on compliance with relevant legislation and regulation to the Audit & Risk Committee and Remuneration & Human Resources Committee, in particular where significant changes to the legislative environment occur. The University is compliant with the requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017. Data on facility time has been submitted to the relevant government website and was published at the end of August on www.gov.uk/government/statistical-data-sets/public-sector-trade-union-facility-time-data. In addition, the information has been published on the Trade Union page on the University website.

Compliance with the Scottish Code of Good HE Governance

A revised Scottish Code of Good HE Governance was published in 2017 which replaced the 2013 Scottish Code of Good HE Governance. Academic year 2017/18 is considered a transitional year for compliance with the 2017 Code. In the opinion of Court, the University complies with all the principles and provisions of the 2013 Scottish Code of Good Higher Education Governance and has made good progress to ensure compliance with the 2017 Code.

The main areas where the University continues to work towards compliance with the 2017 Code relate to the full implementation of the requirements of the HE Governance (Scotland) Act 2016, in particular the detailed planning for the election of the Senior Lay Member (due to take place in late 2019) and the complex ordinance changes required to enlarge Court and reform Senate to meet the statutory requirements on membership (expected to come into effect in 2020).

The University will address any other areas where it is not yet fully compliant in the course of 2018/19. This will include the organisation of an annual stakeholder

meeting in April 2019 to coincide with the publication of an Annual Report.

In relation to the Code's recommendation that the membership of the nominations committee should have a lay member majority, however, the University is adopting the "comply or explain" approach, noting that this Code recommendation is at the lowest category of requirement, "should", which recognises "*that there may be situations in which a departure can be justified or it would be reasonable and acceptable to meet the principles of good governance in alternative ways*". From 2018 the Governance & Nominations Committee will have two elected staff members, representing both academic and non-academic staff rather than the minimum of one stipulated in the Code. (Other members include the Senior Governor, Principal, a student member of Court and two lay members of Court, one of whom is Convener). Court considers that this is consistent with Main Principle 7 of the Code which states that the nominations committee must have "*a suitably inclusive membership to oversee the appointment of new members to the governing body*".

Risk management and internal control

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

The internal control environment includes delegated authorities, policies, procedural and system controls, planning and budgetary processes, professional capability in specialist areas, governance structures and management reporting. A Scheme of Delegation is reviewed by the Audit & Risk Committee, and approved by Court each year. The current Scheme of Delegation was reviewed in June 2018.

The senior management team receives regular reports on the University's performance including appropriate performance indicators, and considers any control issues brought to its attention by early warning mechanisms embedded within the operational units and reinforced by risk awareness training. The anticipation, consideration and management of risk is an integral part of the planning process for operational Units and Schools. The senior management team regularly considers strategic risks to the University and the controls and actions in place to mitigate these. The senior management team and the Audit & Risk Committee receive regular reports from Internal Audit which include recommendations for improvement.

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

- The Internal Audit Annual Report 2017/18 was presented to the Audit & Risk Committee on the adequacy and effectiveness of systems of internal control including governance and risk management.

- Quarterly reports on Risk Management provided to the Audit & Risk Committee and notified to Court.
- An Annual Report on Risk Management presented to the Audit & Risk Committee and notified to Court.
- Comments made by the External Auditors in their report to the Audit & Risk Committee.
- The work of managers within the institution who have responsibility for the development and maintenance of the internal control framework.

Court considers, on the recommendation of the Audit & Risk Committee, that a risk management process, compliant with the Scottish Code of Good Higher Education Governance, has been in place throughout the year ended 31 July 2018.

Governance structures

Court is the governing body of the University and derives its authority from Acts of Parliament. These, *inter alia*, vest in Court the administration of all property and revenues of the University and give it the power to review the decisions of the Senate. Court thus has overall responsibility for the governance of the University, including all aspects of strategic planning and management of all resources, whether financial, human or physical. The Statement of Primary Responsibilities can be found in section 2.3 of the Court Handbook. www.st-andrews.ac.uk/assets/university/about/documents/governance/court/university-court-handbook.pdf

Court agreed the University Strategy for the period in April 2015. Court monitors progress through an agreed suite of Key Performance Indicators. A revised strategy has been in development throughout the year 2017/18 and is due for approval by Court in October 2018.

www.st-andrews.ac.uk/about/governance/university-strategy/

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

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

Court had four regularly scheduled meetings during the year ended 31 July 2018, one of which was linked

to a strategic awayday. The overall attendance rate was 95%. Court has a number of committees with particular areas of responsibility. Court also operates an assurance scheme whereby areas of responsibility are governed by a number of Assurance Groups, each of which includes an independent member of Court, with a reporting line to a Court Committee.

The President of Court is the Rector, one of the oldest institutions of University governance, who since 1858 has been elected by the entire student body to serve for a three-year period. Court currently elects from amongst its lay members a Senior Governor, who presides over Court in the Rector's absence. The Senior Governor undertakes the broader responsibilities of a Chair of Court, including the annual appraisal of the Principal and chairing those items of Court concerned with policy, resources, accountability and performance review. This position will be replaced in 2020 by the Senior Lay Member required by the HE Governance (Scotland) Act 2016, and preparations are in hand for the necessary election to take place in autumn 2019.

The Court Committees and related Assurance Groups are:

Committee	Assurance Group
Audit & Risk Committee	Academic Health & Safety Ethics and Research Integrity
Governance & Nominations Committee	-
Planning & Resources Committee	Investment & Treasury
Remuneration & Human Resources Committee	-

All of the Committees are constituted with formal terms of reference, outlined in the Court Members' Handbook available at www.st-andrews.ac.uk/assets/university/about/documents/governance/court/university-court-handbook.pdf

Membership of committees is disclosed on pages 4-8.

In addition, the University Court receives reports from the University's Superannuation & Life Assurance Scheme, the chair of whose trustees is an independent member of the Court.

The **Audit & Risk Committee** consists of independent members of Court, supplemented by additional co-opted external non-executive members to assist it in its role. The Committee held five scheduled meetings in the year ended 31 July 2018. All meetings were quorate and the overall attendance rate was 88%. The Committee is responsible for reviewing the adequacy and effectiveness of the University's assessment of top-down strategic risks, risk management, internal control, financial

governance, the annual financial statements and value for money arrangements. It scrutinises the audit of the University's annual financial statements and keeps under review the effectiveness of the University's corporate governance arrangements other than those covered by the Governance & Nominations Committee, including its financial and other internal control systems, via the Financial Regulations and Scheme of Delegation. The Committee is responsible for ensuring compliance with mandatory requirements in relation to the University's audit arrangements as set out in the Financial Memorandum between the University and the Scottish Funding Council. It oversees the University's policies on the investigation of questions of financial irregularity or impropriety, and receives annual reports on complaints, counter-fraud and whistleblowing. As noted above, the Committee has responsibility for gaining assurance on the adequacy and effectiveness of policies and procedures for risk management, including the identification and assessment of top-down strategic risks that threaten the achievement of the University's strategic plan. In this capacity, it receives regular reports from the University's Risk Management Group. In addition, it considers all matters relating to the internal and external audit of the affairs of the University and of those companies controlled by Court. In this capacity, it receives reports from the internal and external auditors. Whilst senior executives are in regular attendance at meetings of the Audit & Risk Committee, they are not members of the Committee. The Committee has the opportunity to meet with the internal or external auditors in the absence of University staff.

Three Assurance Groups report to the Audit & Risk Committee.

- The Academic Assurance Group oversees the implementation, management and monitoring of the University's Quality Enhancement Strategy and quality assurance procedures. It also advises Academic Council (for Senate) on changes to the University's academic monitoring procedures and liaises with University officers and committees on matters relating to academic quality assurance.
- The Health & Safety Assurance Group provides an annual report to the Audit & Risk Committee on all matters concerning health and safety, including the University's legal obligations. The Group met three times in the year ending 31 July 2018 and received reports from the University's Head of Environmental, Health & Safety Services concerning the management of various areas of health and safety at work, including occupational health, radiation hazards, biological and chemical hazards and fire safety. The Group periodically reviews the University's Health & Safety Policy and considers, as required, reports from inspectors of enforcing authorities under health and safety legislation, reports from the University's

insurance brokers and issues raised by the Trade Union safety representatives and student sabbatical officers.

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

The **Governance & Nominations Committee** advises Court on any matter pertaining to the execution of its governance functions. This includes the recruitment and appointment of non-executive members of Court, the oversight of elections to Court positions, and the processes for appointments of nominated Court positions. The Committee oversees the skills register for Court members and makes recommendations to Court on (a) the overall structure of University committees and (b) the remit and Court-nominated membership of such committees. It also recommends to Court how it should be represented, as necessary, on external or internal bodies. It is responsible for ensuring compliance with relevant codes of good governance, including the 2017 Scottish Code of Good HE Governance, and is overseeing the ordinance changes and other arrangements necessary to demonstrate compliance with the HE Governance (Scotland) Act 2016. It is also responsible for initiating effectiveness reviews of Court's activities. A review of Court Effectiveness, facilitated by the external convener, took place in 2017 and was reported through the Court minutes of January 2018, with a number of recommendations implemented to streamline business and provide a greater strategic focus. The Committee was until 31 July 2018 chaired by an independent external convener, selected from outwith the membership of Court. This arrangement was confirmed by SFC in 2015 as consistent with the 2013 Code of Governance. From 1 August 2018 the Committee will be chaired by a non-executive member of Court. Its membership includes assessors representing both academic and non-academic staff as well as the President of the Students' Association, the Principal, Senior Governor and two other non-executive members, one of whom acts as convener. Whilst the 2017 Code of Governance recommends that nominations committees should have a lay majority, the Committee believes that the current membership strikes a more appropriate and representative balance. This is reported under "comply or explain" in the statement of compliance with the Scottish Code, and is considered to be consistent with the Code's main principle 7 that the

committee must have a suitably inclusive membership. The Committee held three scheduled meetings in the year ending 31 July 2018. All meetings were quorate and the attendance rate was 91%.

The **Planning & Resources Committee** (PARC) considers, recommends approval of, and monitors the University's major commitments and management of resources. Each meeting receives a report from the Principal, a paper on KPI performance, an in-year summary Financial Report comparing actual income and expenditure with budgeted levels, and a report on property issues. The Committee approves the Outcome Agreement for recommendation to Court and reviews the impact of the SFC Main Grant letter, including its likely impact on the University's Financial Plan. PARC reviews on an annual basis financial and institutional performance, and the University's financial and strategic plans, as well as a broad range of annual reports relating to its strategic, financial and planning responsibilities. These include development activities, environmental performance, commercialisation, infrastructure and, from 2018, Special Collections and Museum Collections (this last previously reported to the Audit & Risk Committee). PARC monitors the level and cost of the University's borrowings and the extent of other liabilities, and makes recommendations on individual financial decisions which due to their size or nature are reserved for Court. It is also empowered to take individual financial decisions in accordance with limits prescribed in the Standing Financial Instructions. Court receives recommendations and advice from PARC in respect of its strategic planning and development responsibilities. PARC is chaired by the Senior Governor. The Committee held four scheduled meetings in the year ending 31 July 2018. All meetings were quorate and the attendance rate was 100%.

One Assurance Group reports to PARC.

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

The **Remuneration & Human Resources Committee** ensures that the University's responsibilities as an employer are being properly managed. It respects the requirements of the Scottish Code of HE Governance on Remuneration Committees, and also draws on the CUC Higher Education Senior Staff Remuneration Code as a source of good practice. It consists of independent members of Court. From 2018, the Principal ceased to be a member of the Committee although may be in attendance. The Committee reviews and approves remuneration arrangements for University staff above defined thresholds and, on the recommendation of the Principal, increases in remuneration which do not represent standard progression with regard to a recognised salary scale or which relate to members of the Principal's Office. The Committee monitors the implementation of the University's policy on severance payments, receiving reports on all severance arrangements and approving specific recommendations which involve University expenditure in excess of £100,000 (there were none in the year ending 31 July 2018). The Committee determines the remuneration of the Principal (in the absence of the Principal) and provides an annual report to the University Court detailing salary changes for senior staff.

More widely, the Committee also receives, reviews, approves and monitors the University's strategic objectives in respect of its staff, including the promotion of the equality and diversity agenda; considers, encourages and reviews the effectiveness of major staff policy initiatives; receives updates on succession planning within the University's senior management team; reviews the effectiveness and performance of the Human Resources activities; and monitors compliance and risk management with respect to employment law and practice. The Committee held three scheduled meetings, all quorate, in the year ending 31 July 2018. The attendance rate was 93%.

In keeping with the University's policy on the registration and declaration of interests, all persons routinely attending meetings of Court and its Committees are required to take proper account of any conflict of interest which might arise from their University involvement on the one hand and their membership of, or connection with, other bodies outside the University on the other. The Executive Officer to Court and Senate maintains a formal register of interests, which, in accordance with the Scottish Code of Good Higher Education Governance, is made publicly available on the University website.

Sustainability

Sustainability is delivered through the University strategy, approved by Court in spring 2015 and accessible at www.st-andrews.ac.uk/staff/policy/planning/. The 2015 Strategy was supported by a Delivery Plan, where each strategic objective was translated into a series of work streams, owned by a member of the Executive

Team and underpinned by specific projects and activities. In anticipation of the revision to the University's strategic plan from 2018, work streams in relation to the 2015 strategy have been mainstreamed into the forward programmes of Court Committee activity. The University has a comprehensive set of Key Performance Indicators covering all main areas of business and linking closely to the Strategic Objectives. These also form a standing item on PARC and Court agendas. The University's comprehensive approach to risk management is overseen by the Audit & Risk Committee and managed internally by the Risk Management Group, chaired by a Vice-Principal. Risks are attributed risks to both KPIs and Strategic Objectives and the effectiveness of controls and mitigating actions is systematically monitored.

Equal opportunities

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

not disadvantaged in their career development by factors relating to protected characteristics and personal circumstances. www.st-andrews.ac.uk/staff/policy/hr/equalitydiversityinclusion/

The University provides guidance for disabled staff at www.st-andrews.ac.uk/hr/edi/disability/ and will be reviewing its policies in relation to staff declaring disabilities in 2018/19. In the year ending 31 July 2018 there were 54 individuals declaring a disability employed by the University.

In compliance with equalities legislation, the University will publish its next Equality Mainstreaming Report on 30 April 2019, reporting on the Equality Outcomes Action Plan for the period 2017-21.

www.st-andrews.ac.uk/media/human-resources/equality-and-diversity/reports/Equality-Mainstreaming-Report-27Apr17-Final.pdf

Equalities issues are regularly discussed at the Joint Negotiating Committee with recognised trade unions, as well as at the Remuneration & HR Committee. The University successfully renewed its Athena SWAN Institutional Bronze Award in May 2018, and holds the Carer Positive Employer award, the LGBT Charter and is a Stonewall Diversity Champion.

Gender balance on Court and its committees is regularly monitored, and applications from women and other under-represented groups are proactively sought in recruitment exercises and elections for Court positions as well as more broadly in University appointments and promotions processes. Success rates in attracting such applicants are benchmarked against other institutions where information is available.

Training of Court members

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

Date	Training	Member
4 October 2017	Ernst & Young/CIPFA – Governance	Mr Jim Lindsay
4 October 2017	Ernst & Young/CIPFA – Governance	Prof Stuart Monro
17 October 2017	Court induction completed	Cllr Jim Leishman
25 October 2017	GDP: New Governors of Scottish Institutions	Dr Morven Shearer
25 October 2017	GDP: New Governors of Scottish Institutions	Mr Lewis Wood
25 October 2017	GDP: New Governors of Scottish Institutions	Mr Zach Davis
25 October 2017	GDP: New Governors of Scottish Institutions	Ms Donna Pierz-Fennell
25 October 2017	GDP: New Governors of Scottish Institutions	Cllr Jim Leishman
22 November 2017	Ernst & Young/CIPFA Discussion sessions on the digital world and implications for the future.	Mr Jim Lindsay
18 January 2018	Court inductions completed	Mr Srdja Popovic
18 January 2018	Court inductions completed	Ms Camilla Duke

Date	Training	Member
7 February 2018	GDP: Governance in Scotland: What's changing?	Dr Morven Shearer
7 February 2018	GDP: Governance in Scotland: What's changing?	Ms Donna Pierz-Fennell
12 February 2018	Higher Education Audit Committee Chair Dinner	Mrs Pamela Chesters
8 May 2018	HEI Audit Committee Breakfast Seminar	Mrs Pamela Chesters
20 July 2018	Court inductions completed	Ms Paloma Paige
20 July 2018	Court inductions completed	Ms Alice Foulis
11 Sept 2018	Court inductions completed	Dr Derek Ball
11 Sept 2018	Court inductions completed	Ms Eve McCurrich

Payment of creditors

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 26.0 days (2016/17 25.1 days; 2015/16: 28.9 days).

Conclusion

The University is a going concern, and has robust systems of corporate governance in place. These meet the principles of good governance set out in the 2013 and 2017 Codes, maintain a sound system of internal controls, and apply the key principles of effective risk management.

Alastair Merrill
Vice-Principal (Governance)
26 October 2018

Social responsibility report



The University has pledged to act ethically, transparently, sustainably and for the wider public benefit at all times. The commitment to social responsibility is embedded within everything that we do and is evidenced in our approach to, and support of, key themes which are woven throughout all our activities, including sustainability; carbon management; community and staff engagement; positive investment and supporting student campaigns and charity work.

Teaching and research

We have a focus on sustainability in research, teaching and practice. With regards to research, several units and centres across the University contribute to our understanding of sustainability and explore practical solutions to sustainability challenges, including but not limited to the St Andrews Sustainability Institute, Centre for Biological Diversity, Scottish Oceans Institute, Sea Mammal Research Unit, Centre for Housing Research, Centre for Research into Ecological and Environmental Modelling, the Institute for Environmental History and the Centre for Social and Environmental Accounting Research.

Learning for sustainability manifests in specialist programmes such as the award winning and innovative Sustainable Development (SD) undergraduate and postgraduate programmes. This year SD celebrated ten years since the first cohort of graduates, and strong recruitment of international students demonstrates continued interest in this area. Strengthened field courses are planned to continue to maintain new possibilities in this field. Sustainability is also an integral part of many other programmes, including English, Classics, Biology, International Relations and Management. We have played a leadership role in learning for sustainability through engagement with Scotland's UN Regional Centre for Expertise in Education for Sustainable Development (Learning for Sustainability Scotland), a leading role in constructively critiquing and addressing the UN Sustainable Development Goals, including a focus on Goal 4.7 and a role in driving monitoring and evaluation across the sector.

University staff also contribute to national and international conferences and events. Research exchange was evident at Explorathon, a public engagement symposium, and research impact has been documented in the areas of blue carbon, wellbeing and sport and understanding housing and inequality. Recent relevant research projects include assessment of research and development for tree health and biosecurity, understanding of carbon processes in peat

in South America, new findings on cultural drivers of unsustainable small scale gold mining and critical analysis of energy politics.

The University retains a holistic perspective on sustainability scholarship and implementation, encouraging links across research, teaching, impact and operations. A strategic approach is facilitating data collection and the development of SMART targets to support a reflexive monitoring and evaluation process and ensure that sustainability remains at the heart of University aspirations and achievements.

In partnership with other local agencies the University is a member of Fife's Corporate Parenting Board which ensures that care experienced young people are afforded the best support resulting in positive outcomes. Through the lifelong and flexible learning initiatives members of our local community have access to undergraduate study regardless of age and the barriers that may exist with the more traditional pathways. In partnership with SFC, Robertson Trust, Fife College and Fife Children Services the University delivers an outreach programme, First Chances, which spans primary 7 through to the final years of secondary school in order to support the young people of Fife who face multiple barriers in their educational journey.

Energy and carbon management

The University has a strategic goal to become carbon neutral for its energy use. It has a three-part Energy Strategy which covers behaviour change, investment in energy efficient systems to reduce energy demand, and the installation of low carbon renewable generation technologies. The overall carbon footprint of the University – nearly 22,000 tonnes of CO₂e – has reduced by 16% from 2016/17 levels, and 33% from the 2012/13 baseline.

The biomass boiler and district heating system situated in the new Eden Campus continues to provide low carbon heating to 41 buildings across the North Haugh in St Andrews, the adjacent student residences and the University Sports Centre. This award-winning facility has

reduced the University annual heating carbon footprint by 38%, the equivalent of 4,500 tonnes of CO₂e.

The University continues to improve energy efficiency through its Salix “Spend-to-save” energy investment fund and is participating in the University’s Carbon Reduction Fund by investing nearly £5million in energy demand reduction measures over the next two years.

A detailed review of the University’s carbon footprint will be detailed in the Scottish Government Public Bodies Climate Change Report which is due to be published in November 2018.

Waste management

Total University waste has risen by 1%, however the waste sent to landfill has decreased by 5% or 37 tonnes from 2016/17 levels. The overall recycling rate has improved from 70% to 73% due to greater reuse, recycling and composting.

Behaviour change & community engagement

The University’s ‘Environmental Facilitator’ training programme for staff continues to promote positive environmental behaviours within Schools and Units. The facilitators’ network meets regularly to share best practice and to input into University activities related to the environment such as the ‘Green Week’ events which included themes such as positive investment, careers in sustainability, biodiversity, sustainable transport, conscious consumption, and Fairtrade, with students, staff, and the local community all getting involved.

The University continues to support Transition – a community group in which students, staff and local residents participate in projects and actions to further sustainability. Transition run a Bike Pool project, which rescues abandoned or damaged bikes, repairs and then leases them to members of the University or the wider community, and promotes initiatives such as bike repair workshops and bike to work breakfasts. A collaboration between Transition and the St Andrews Environment Network saw the recent formation of ‘The Kernel’ – a community hub based at the St Andrews Botanic Garden. The Kernel is a space where local groups can share the knowledge, skills and resources that are required to undertake practical projects aimed at reducing carbon emissions. These help to support other Transition initiatives such as the Edible Campus project which encourages interest in sustainable food production and works alongside 17 community gardens across the local area.

Community engagement is also a strategic priority of the University’s Music Centre. In addition to its role as the most significant promoter of classical concerts in Fife, it also runs numerous groups specifically intended for schoolchildren and members of the wider community, including StAFCO (the St Andrews and Fife Community Orchestra), which is jointly promoted with the Scottish

Chamber Orchestra, the University’s Orchestra in Residence. The completion of the purpose-built new Music Centre in St Mary’s Quadrangle, currently scheduled for October 2019, will further enhance the Centre’s scope for engagement with the wider community.

The Byre Theatre, which is now operated by the University, provides a broad programme of performances and events accessible to staff, students and the wider community. In 2017/18 there were over 48,000 ticketed attendances, including events held at the theatre and in other University locations and members of the local community can access the building’s café bar and exhibitions. Ensuring accessibility to the programme is a key consideration for management and, where possible, events have concession pricing applied for eligible groups such as senior citizens, children, and those who are unemployed or disabled.

In partnership with Active Fife, University Sports Centre staff have created a bespoke programme to provide opportunities to young people in the community from the age of 16-21 to develop skills in sport leadership, coaching and development. Pupils from the local secondary schools – Madras College and Bell Baxter – completed the programme and two have since received unconditional offers from the Universities of Strathclyde and Abertay to study PE Teaching and Sports Coaching.

Sustainable investment

The University of St Andrews is committed to responsible investment and is a signatory to the UN Principles of Responsible Investment (UN PRI). The University Endowment funds are invested in line with the University’s Sustainable and Socially Responsible Investment Policy and SSRI credentials were a key criterion used in a recent tendering exercise to select new investment managers. Fund managers are instructed to seek investments which:

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

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

Student campaigning and charity work

This academic year has seen yet another rise in the profile of ‘Your Volunteering’, volunteering recognition scheme. Created in a collaboration between ‘Your Union’ and

‘Saints Sport’, the scheme was set up to provide students with an avenue in which to log the many valuable hours they spend volunteering for either (or both) organisations. With over 600 student volunteers now participating within the programme, those who achieve Gold and Platinum awards can now have their volunteering efforts formally recognised on the Higher Education Achievement Report (HEAR). Our students continue to offer their own time and work hard towards reaching the different volunteering awards milestones (Bronze 50 hours, Silver 150 hours, Gold 300 hours, Platinum 500 hours.)

International volunteering programmes continue to flourish. Now into its twelfth year, the Wallace Group Volunteer Zambia initiative has evolved to incorporate not only sports coaching and teaching placements, but also student volunteers in areas such as marketing and construction. In addition, ‘Volunteer South Africa’ saw ten students travel to Stellenbosch last year to deliver sports coaching to local schools.

The Students’ Association’s dedicated Charities Campaign fundraises throughout the year to support its student-elected charities and supports the broader charitable efforts of the Students’ Association. Events such as Race2, a sponsored hitch-hike across Europe, raised nearly £40,000, whilst Raising and Giving (RAG) week and the student fashion show Catwalk raised over £15,000 between them. In total, the Charities Campaign raised over £87,000 in the last academic year with Save the Children, the Scottish Refugee Council, and Families First all benefiting from the proceeds, and has been nominated for Student Fundraising Group of the Year in 2018.

Of the 160+ student societies affiliated with the Students’ Association, most partake in fundraising events or activities throughout the year, raising awareness of the broad number of causes championed in the daily lives of staff, students, and the local community in St Andrews. Several other of the Association’s subcommittees focus upon charitable aims, including Community Relations, LGBT+, the St Andrews Voluntary Service (SVS), Performing Arts (‘Mermaids’), and the Union Debating Society.

Conclusion

Social responsibility is an ethos which permeates throughout everything that we do, and everything that we stand for. Excellence of scholarship sits firmly alongside our desire to have a positive impact on society – both local and global. Our wonderfully diverse community of staff and students are integral to realising this vision, and their ideas, activities and achievements will continue to be supported and encouraged.

Derek Watson
Quaestor & Factor
26 October 2018

Independent auditor's report to the Court of the University of St Andrews



Independent auditor's report to the Court of the University of St Andrews

Opinion

We have audited the financial statements of the University of St Andrews ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2018 and of the group and parent institution's income and expenditure, recognised gains and losses, and statement of cash flow for the year for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 3-28, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's accounts direction have been met;

Independent auditor's report to the Court of the University of St Andrews (cont'd)

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

Matters on which we are required to report by exception

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

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

Responsibilities of the University Court

As explained more fully in the Statement of the University Court's Responsibilities set out on pages 16-17, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

*Statutory Auditor
Edinburgh*

Date:

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

The maintenance and integrity of the University of St Andrews's web site is the responsibility of the University Court; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS

Statement of principal accounting policies

(for the year ended 31 July 2018)



Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (SORP 2015) and in accordance with Financial Reporting Standards 102 "FRS102". The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements also conform to guidance published by the Scottish Funding Council.

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

Basis of consolidation

The consolidated financial statements include the University, all material subsidiary and associate undertakings as listed in the notes to the accounts for the financial year to 31 July 2018. Intra-group transactions are eliminated on consolidation. The activities of the Students' Association have not been consolidated as the University does not exert control or dominant influence over policy decisions.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Pensions Liabilities

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

Fixed asset lives and impairment

Management makes judgement over the most appropriate useful life of assets, over which period the value is depreciated.

Management make judgements as to whether any indicators of impairment are present for any of the University's assets.

Recognition of income

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

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

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

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

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

Grant funding

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

Donations and endowments

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

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

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

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

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

Unrestricted permanent endowments – where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

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

Restricted permanent endowments – where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

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

Retirement benefits

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

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

The USS Scheme

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide

contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The S&LAS Scheme

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

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

Employment benefits

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

Service concession arrangements

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

Operating leases

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

Foreign currencies

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

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

Property, plant & equipment

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

Land

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

Buildings

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

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

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

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

At each reporting period end, the University checks whether there is any indication that any of its Land and

Building assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

Equipment and furniture

Equipment costing less than £25,000 is written off in full in the year of acquisition. Capitalised equipment and furnishings are stated at cost and depreciated on a straight line basis over their expected useful lives as follows:

- Telecommunications Systems 7 Years
- General Furnishings 7 Years
- Equipment 4-7 Years
- IT Equipment 4-7 Years
- Vehicles 7 Years

Heritage assets

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

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

Investment properties

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

Repairs and maintenance

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

Investments

Listed investments are stated at market value. Unlisted investments are stated at cost less any provision for impairment of their value.

Stocks

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

Cash and cash equivalents

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

Joint operations, jointly controlled assets and jointly controlled operations

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

Taxation

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

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

The University's subsidiary companies are not exempt from taxation. The charge for taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment paid to the University.

Financial instruments

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

The University uses an interest rate swap to reduce exposure to interest rate movements on long-term debt. Such swaps are not made for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa.

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

Reserves

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

Consolidated statement of comprehensive income and expenditure

(for the year ended 31 July 2018)



Consolidated statement of comprehensive income and expenditure

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees & education contracts	1	100,215	100,215	93,285	93,285
Funding body grants	2	38,253	38,253	40,136	40,136
Research grants & contracts	3	41,274	41,375	37,969	37,969
Other income	4	51,713	44,681	47,586	41,193
Development fee	5	13,648	13,648	4,207	4,207
Investment income	6	1,732	1,937	1,633	1,852
Donations and endowments	7	4,078	5,221	5,175	5,859
Total income		250,913	245,330	229,991	224,501
Expenditure					
Staff costs	8	125,085	122,088	118,462	116,006
Other operating expenses		84,859	82,721	81,684	79,008
Depreciation	12	12,874	11,852	12,877	12,400
Interest and other finance costs	9	4,571	4,571	5,284	5,284
Total expenditure	10	227,389	221,232	218,307	212,698
Surplus before other gains/losses		23,524	24,098	11,684	11,803
(Loss) on disposal of assets		(579)	(579)	(753)	(753)
Gain on investments		6,580	6,580	8,030	8,030
Surplus before tax		29,525	30,099	18,961	19,080
Taxation	11	(1)	-	(28)	(15)
Surplus for the year		29,524	30,099	18,933	19,065
Actuarial gain in respect of pension schemes	31	9,848	9,848	4,045	4,045
Change in fair value of hedging financial instruments		172	172	1,915	1,915
Total comprehensive income for the year		39,544	40,119	24,893	25,025
Represented by:					
Endowment comprehensive income for the year	23	8,316	8,316	11,271	11,271
Restricted comprehensive income for the year	24	6,599	6,599	(9,655)	(9,655)
Unrestricted comprehensive income for the year		24,629	25,204	23,277	23,409
		39,544	40,119	24,893	25,025

All items of income and expenditure relate to continuing activities.

Consolidated and University statement of changes in reserves (for the year ended 31 July 2018)



Consolidated and University statement of changes in reserves

	Income and expenditure account			
Consolidated	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Balance at 1 August 2016	58,172	14,441	199,279	271,892
Surplus from the income and expenditure statement	11,271	743	6,919	18,933
Other comprehensive income	-	-	5,960	5,960
Release of restricted funds spent in the year	-	(10,398)	10,398	-
Total comprehensive income for the year	11,271	(9,655)	23,277	24,893
Balance at 1 August 2017	69,443	4,786	222,556	296,785
Surplus from the income and expenditure statement	8,316	7,054	14,154	29,524
Other comprehensive income	-	-	10,020	10,020
Release of restricted funds spent in the year	-	(455)	455	-
Total comprehensive income for the year	8,316	6,599	24,629	39,544
Balance at 31 July 2018	77,759	11,385	247,185	336,329
University				
Balance at 1 August 2016	58,172	14,441	198,743	271,356
Surplus from the income and expenditure statement	11,271	743	7,051	19,065
Other comprehensive income	-	-	5,960	5,960
Release of restricted funds spent in the year	-	(10,398)	10,398	-
Total comprehensive income for the year	11,271	(9,655)	23,409	25,025
Balance at 1 August 2017	69,443	4,786	222,152	296,381
Surplus from the income and expenditure statement	8,316	7,054	14,729	30,099
Other comprehensive income	-	-	10,020	10,020
Release of restricted funds spent in the year	-	(455)	455	-
Total comprehensive income for the year	8,316	6,599	25,204	40,119
Balance at 31 July 2018	77,759	11,385	247,356	336,500

Consolidated and University balance sheet

(as at 31 July 2018)



Consolidated and University balance sheet

	Notes	As at 31 July 2018		As at 31 July 2017	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Tangible Fixed assets	12	373,119	352,229	356,975	335,695
Heritage assets	12	38,763	38,763	38,703	38,703
Investments	15	71,918	86,113	66,782	78,912
		483,800	477,105	462,460	453,310
Current assets					
Stock	17	1,003	798	989	777
Trade and other receivables	18	23,546	33,690	19,879	30,460
Current Investments	19	25,679	25,679	23,078	23,078
Cash and cash equivalents	25	29,071	26,216	19,815	18,215
		79,299	86,383	63,761	72,530
Less: Creditors : amounts falling due within one year	20	(63,137)	(63,450)	(67,247)	(67,365)
Net current assets / (liabilities)		16,162	22,933	(3,486)	5,165
Total assets less current liabilities		499,962	500,038	458,974	458,475
Creditors: amounts falling due after more than one year	21	(111,333)	(111,238)	(100,852)	(100,757)
Provisions					
Pension provisions	22	(51,330)	(51,330)	(60,877)	(60,877)
Other provisions	22	(970)	(970)	(460)	(460)
Total net assets		336,329	336,500	296,785	296,381
Restricted reserves					
Income and expenditure reserve – endowment reserve	23	77,759	77,759	69,443	69,443
Income and expenditure reserve – restricted reserve	24	11,385	11,385	4,786	4,786
Unrestricted reserves					
Income and expenditure reserve – unrestricted		247,185	247,356	222,556	222,152
Total reserves		336,329	336,500	296,785	296,381

Approved by the University Court of the University of St Andrews on 26 October 2018 and signed on its behalf by:

Professor Sally Mapstone,
Principal and Vice-Chancellor

Dame Anne Pringle,
Senior Governor

Mr Andy Goor,
Chief Financial Officer

Consolidated and University cash flow

(Year ended 31 July 2018)



Consolidated and University cash flow

	Notes	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Cash flow from operating activities			
Surplus for the year		29,524	18,933
Adjustment for non-cash items			
Depreciation	12	12,874	12,877
Gain on investments	23	(8,503)	(9,695)
(Increase) / Decrease in stock	17	(14)	151
(Increase) / Decrease in debtors	18	(3,667)	3,084
(Decrease) in creditors	20	(4,604)	(1,282)
Increase in pension provisions	22	301	495
Increase / (Decrease) in other provisions	22	510	(1,163)
Impairment of tangible fixed assets	12	551	1,684
Donated fixed asset	13	-	(270)
Adjustment for investing or financing activities			
Investment income	6	(2,722)	(2,614)
Endowment income	7	(1,233)	(2,601)
Interest payable	9	4,139	4,857
Loss on the sale of fixed assets		579	753
Capital grant income	2/4	(6,035)	(4,682)
Net cash inflow from operating activities		21,700	20,527
Cash flows from investing activities			
Proceeds from sales of fixed assets		65	81
Capital grant receipts	2/4	6,035	4,682
Additions to non-current asset investments		3,367	(570)
(Additions) / Withdrawal to deposits		(1,368)	1,184
Investment income	6	2,722	2,614
Payments made to acquire fixed assets		(29,607)	(18,237)
New deposits	7	(1,233)	(2,601)
Net cash outflow from investing activities		(20,019)	(12,847)
Cash flows from financing activities			
Interest paid	9	(4,139)	(4,857)
Endowment cash received	7	1,233	2,601
New secured loans		41,981	-
Repayments of amounts borrowed	21	(31,500)	(1,500)
Net cash inflow/(outflow) from financing activities		7,575	(3,756)
Increase in cash and cash equivalents in the year		9,256	3,924
Cash and cash equivalents at beginning of the year	25	19,815	15,891
Cash and cash equivalents at end of the year	25	29,071	19,815
		9,256	3,924

Notes to the accounts

(as at 31 July 2018)



1. Tuition fees and education contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	11,855	11,855	10,690	10,690
RUK students (new fee rates)	19,753	19,753	19,411	19,411
RUK students (old fee rates)	3	3	15	15
Full-time international students	60,845	60,845	55,438	55,438
Part-time home and EU students	311	311	312	312
Part-time international students	509	509	506	506
Research training support grant	3,668	3,668	3,674	3,674
Short course fees	2,971	2,971	2,925	2,925
Other tuition fees	300	300	314	314
	100,215	100,215	93,285	93,285

2. Funding body grants

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Recurrent grant				
Teaching	13,900	13,900	13,615	13,615
Research	19,210	19,210	19,747	19,747
Specific grant				
Other grants	2,358	2,358	3,253	3,253
Capital grants	2,785	2,785	3,521	3,521
	38,253	38,253	40,136	40,136

3. Research grants and contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	19,406	19,406	16,543	16,598
UK Government bodies, local & health authorities	4,375	4,375	4,223	4,223
UK based charities	3,552	3,552	3,538	3,538
UK industry, commerce & public corporations	1,383	1,484	1,315	1,315
EU government bodies	7,211	7,211	6,790	6,790
EU other	815	815	877	877
Other overseas	4,457	4,457	3,671	3,671
Other sources	139	139	78	23
	41,338	41,439	37,035	37,035
Capital grants (deferred) / released	(64)	(64)	934	934
	41,274	41,375	37,969	37,969

4. Other income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences fees	28,240	28,240	26,045	26,045
Conference sales	3,836	-	2,825	-
Other capital grants	3,250	3,250	1,161	1,161
Third party contributions to operational activities	2,960	2,639	2,935	2,935
Consultancy, knowledge transfer and cultural engagement	2,547	363	3,152	584
Miscellaneous sales	1,878	790	1,871	941
Rental	1,255	1,335	626	626
External contribution to salaries	1,166	1,240	1,241	1,241
Memberships	1,057	1,057	757	757
Bar sales	985	985	1,109	1,109
Other income	784	784	913	913
Royalties	716	716	1,023	1,023
Academic conferences	643	643	542	542
Non research prizes and awards	529	529	378	304
Continuing professional development	527	527	635	635
Foreign exchange gains	487	510	1,026	1,030
Hire and facilities	343	343	284	284
Subscription income	232	232	702	702
Other services provided	191	411	233	233
Consumables and services recharged	87	87	128	128
	51,713	44,681	47,586	41,193

5. Development Fee

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Development Fee	13,648	13,648	4,207	4,207

On 31st October 2017 the University received £13.6 million as a facilitation fee from a third party to develop new student accommodation at Powell Hall and Whitehorn Hall.

6. Investment income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest from short-term investments	476	461	391	390
Interest from long-term investments	-	220	-	220
Investment income on restricted endowments	2,005	2,005	2,011	2,011
Investment income on unrestricted endowments	241	241	212	212
Net return on S&LAS pension scheme (note 31)	(990)	(990)	(981)	(981)
	1,732	1,937	1,633	1,852

7. Donations and endowments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments	1,233	1,233	2,601	2,601
Donations with restrictions	1,827	1,827	1,692	1,692
Restricted donations with performance conditions	440	440	299	299
Unrestricted donations	578	1,721	583	1,267
	4,078	5,221	5,175	5,859

8. Staff costs

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Staff Costs:				
Salaries	102,968	100,129	96,666	94,349
Social security costs	9,424	9,337	9,005	8,944
Movement on USS deficit provision	(2,262)	(2,262)	(1,814)	(1,814)
Other pension costs	14,955	14,884	14,605	14,527
	125,085	122,088	118,462	116,006

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Emoluments of the Principal:		
Salary	249	220
Pension contributions to USS	23	30
Total Emoluments	272	250

The Principal has no non-taxable benefits.

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Emoluments of the Acting Principal:		
Salary	-	11
	-	11

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

In financial year 2016/17 the Principal was in post for eleven months from 1 September 2016 until 31 July 2017.

The Principal's remuneration is 7.24 times the median pay of staff, where the median pay is based on the annualised full-time equivalent remuneration of all staff at the reporting date.

8. Staff costs (cont'd)

	2017/18 No.	2016/17 No.
Remuneration of other higher paid staff, excluding employer's pension contributions:		
£100,001 to £105,000	10	10
£105,001 to £110,000	9	5
£110,001 to £115,000	5	7
£115,001 to £120,000	5	4
£120,001 to £125,000	3	2
£125,001 to £130,000	1	1
£130,001 to £135,000	2	-
£150,001 to £155,000	1	2
£165,001 to £170,000	1	-
£180,001 to £185,000	-	1
£185,001 to £190,000	1	-
£190,001 to £195,000	1	1
£205,001 to £210,000	1	1
£215,001 to £220,000	1	2
	41	36

The Principal has been excluded from the table above.

	No.	No.
Average staff numbers by major category:		
Academic	1,094	1,074
Academic support services	283	269
Research	332	328
Administration	401	412
Premises	226	217
Catering and residencies	264	272
	2,600	2,572

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. For the University of St Andrews this is taken to mean the Principal's Office and includes the following roles:

Principal & Vice-Chancellor; Master of United College & Deputy Principal; Chief Operating Officer, Quaestor & Factor; Vice Principal (Research & Innovation); Vice Principal (Governance); Vice Principal Education (Proctor); Vice Principal (International Strategy & External Relations); Assistant Vice Principal (Collections & Digital Content).

8. Staff costs – Key Management Personnel (cont'd)

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Salaries	1,045	1,006
Employers pension contributions	162	145
Total compensation	1,207	1,151

	Year ended 31 July 2018 No.	Year ended 31 July 2017 No.
Number of posts (expressed as full-time equivalents) that are included as key management personnel	7.4	7.1

The position of Assistant Vice-Principal (Collections & Digital Content) is a new post that was created in March 2018.

9. Interest and other finance costs

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	4,130	4,130	4,849	4,849
Interest paid to endowment funds	9	9	8	8
Net charge on USS pension scheme (note 22)	432	432	427	427
	4,571	4,571	5,284	5,284

10. Analysis of total expenditure by activity

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic and related expenditure	83,601	83,601	81,953	81,953
Academic support services	19,863	19,863	16,329	16,329
Administration and central services	23,529	23,529	24,232	24,232
Premises (including service concession) costs	23,718	25,368	24,601	25,483
Research grants and contracts	29,059	29,059	28,203	28,203
Residences, catering and conferences	20,964	22,169	18,294	19,041
Other expenses	26,655	17,643	24,695	17,457
	227,389	221,232	218,307	212,698

10. Analysis of total expenditure by activity (cont'd)

Other operating expenses include:	2017/18	2016/17
External auditor's remuneration in respect of:		
audit services	103	99
non-audit services	6	166
Internal audit – core plan	100	81
Hire of plant and equipment	367	358

Included in non-audit services in 2016/17 was a non-recurring fee for refinancing of loans.

11. Taxation

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Tax charge on subsidiary profits	-	-	28	-
Adjustment in respect of prior years	1	-	-	15
	1	-	28	15

12. Tangible Fixed Assets

Consolidated	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
Cost							
At 1 August 2017	407,799	13,592	95,118	2,724	519,233	38,703	557,936
Additions	4,260	23,441	2,512	-	30,213	60	30,273
Transfers	8,934	(9,491)	557	-	-	-	-
Impairment	-	(551)	-	-	(551)	-	(551)
Disposals	(2,309)	-	(146)	-	(2,455)	-	(2,455)
At 31 July 2018	418,684	26,991	98,041	2,724	546,440	38,763	585,203
Depreciation							
At 1 August 2017	82,645	-	79,613	-	162,258	-	162,258
Charge for Year	9,205	-	3,669	-	12,874	-	12,874
Disposals	(1,726)	-	(85)	-	(1,811)	-	(1,811)
At 31 July 2018	90,124	-	83,197	-	173,321	-	173,321
Net Book Value							
At 31 July 2018	328,560	26,991	14,844	2,724	373,119	38,763	411,882
At 31 July 2017	325,154	13,592	15,505	2,724	356,975	38,703	395,678

12. Tangible Fixed Assets (cont'd)

University	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
Cost							
At 1 August 2017	391,699	12,552	89,853	2,724	496,828	38,703	535,531
Additions	3,943	23,222	2,416	-	29,581	60	29,641
Transfers	7,689	(8,246)	557	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Impairment	-	(551)	-	-	(551)	-	(551)
Disposals	(2,309)	-	(146)	-	(2,455)	-	(2,455)
At 31 July 2017	401,022	26,977	92,680	2,724	523,403	38,763	562,166
Depreciation							
At 1 August 2017	82,204	-	78,929	-	161,133	-	161,133
Charge for Year	8,542	-	3,310	-	11,852	-	11,852
Impairment	-	-	-	-	-	-	-
Disposals	(1,726)	-	(85)	-	(1,811)	-	(1,811)
At 31 July 2017	89,020	-	82,154	-	171,174	-	171,174
Net Book Value							
At 31 July 2018	312,002	26,977	10,526	2,724	352,229	38,763	390,992
At 31 July 2017	309,495	12,552	10,924	2,724	335,695	38,703	374,398

Included within fixed assets is an amount of £3,523,218 (2016/17 – £3,523,218) of capitalised finance costs.

Endowment Properties are Investment Properties where the land and buildings are held for rental income and capital appreciation. They are held at Fair Value.

13. Heritage assets

Additions and Disposals

The table below shows the analysis of acquisitions

Acquisitions for the current and previous four years were as follows:

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Acquisitions purchased with specific donations	-	-	-	-	28
Acquisitions purchased with University funds	60	-	45	58	-
Total cost of acquisitions purchased	60	-	45	58	28
Value of acquisitions by donation	-	270	-	45	115
Total acquisitions purchased	60	270	45	103	143

13. Heritage assets (cont'd)

Main Collections

The University holds Heritage Assets across several locations, which are split into two collections, the Museum Collections and the Special Collections which are held in support of the University's core purpose of teaching and research.

Information about the University's policy for the acquisition, preservation and management and disposal

of heritage assets is provided in the separate publications as follows:

- The Museum Collections – www.st-andrews.ac.uk/media/museum-collection-unit/documents/Collections%20Development%20Policy,%20revised%20Jan2013.pdf
- The Special Collections – www.st-andrews.ac.uk/library/specialcollections/aboutus/policies/

14. Service concession arrangements

The University has arrangements in place in respect of student accommodation, for which service delivery has previously commenced and is ongoing.

In September 2015 and 2016 the University entered into a 40-year contract with a third party provider for the provision and maintenance of Fife Park (Phase III and Phase II) providing accommodation to around 500 students. In September 2017 the University entered into a 40-year contract with the same third party provider for the

provision and maintenance of Powell and Whitehorn Halls, providing accommodation to around 400 students.

The University has the option to provide an annual occupancy commitment and as a result of this option being exercised during the current year, £5.7million of 2018/19 rental costs has been recorded within other operating expenses, with a corresponding income of £5.7million. In the balance sheet the University has recorded a liability of £5.7million which has been offset by £5.7million debtor.

15. Non-current Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
Consolidated			
At 1 August 2017	-	66,782	66,782
Additions	-	33,681	33,681
Disposals	-	(33,711)	(33,711)
Appreciation	-	8,503	8,503
Debtor movement	-	72	72
Cash movement	-	(3,409)	(3,409)
At 31 July 2018	-	71,918	71,918
University			
At 1 August 2017	12,296	66,616	78,912
Additions	1,974	33,681	35,655
Disposals	-	(33,545)	(33,545)
Appreciation	-	8,503	8,503
Debtor movement	-	72	72
Cash movement	-	(3,409)	(3,409)
Impairment	(75)	-	(75)
At 31 July 2018	14,195	71,918	86,113

15. Non-current Investments (cont'd)

Additional Analysis of other fixed asset investments	£000
Endowment Equities	64,551
Non-Endowment Equities	33
Fixed Income Bonds	4,534
Property Trust / Money Market	1,257
Creditors	(97)
Cash and cash equivalent	1,640
Total Investments	71,918

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

Subsidiary companies

The University owns the following subsidiary companies directly:

Company	Country of incorporation	Activity
St Andrews University Services Ltd	Scotland	Vacation letting
St Andrews Applied Research Ltd	Scotland	Applied Research

St Andrews Applied Research Ltd in turn directly or indirectly owns the subsidiaries listed below:

Company	Country of incorporation	Activity
University of St Andrews Shop Ltd	Scotland	Retail
Photosynergy Ltd	Scotland	Laser Lighting
Eden Estuary Energy Ltd	Scotland	Energy Generation
SOI Group Ltd	Scotland	Marine Science
St Andrews Lean Consultancy Ltd	Scotland	Management Change Consultancy
Drochaid Ltd	Scotland	Contract Research
Eden Mill Property Ltd	Scotland	Property Rental
St Andrews West Ltd	Scotland	Property Development
Smart History Ltd (60% owned)	Scotland	Computer Science & History
SOI Ltd	Scotland	Marine Science
SMRU Ltd	Scotland	Marine Science
St Andrews Instrumentation Ltd	Scotland	Marine Science
StAAR Inc	USA	Applied Research
SMRU (Hong Kong) Ltd	Hong Kong	Marine Science
SMRU (Canada) Ltd	Canada	Marine Science
SMRU LLC	USA	Marine Science

16. Investment in associates

The University has a 49% holding in CLV UK LLP whose principal business activities include the acquisition, delivery, operation and management of student accommodation and associated services. The profit share

of £224k (2016/17 – £208k) has been recognised as income and is reported in the University's consolidated income and expenditure account.

17. Stock

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	798	798	777	777
Goods for resale	205	-	212	-
	1,003	798	989	777

18. Trade and other receivables

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts receivable within one year				
Research grants receivables	8,316	8,316	7,414	7,414
Debts due from students	752	752	901	901
Trade receivables	1,829	1,360	2,710	1,615
Amounts due from subsidiary companies	-	1,269	-	801
Other receivables	798	80	160	139
Prepayments and accrued income	11,851	10,913	8,694	8,590
	23,546	22,690	19,879	19,460
Amounts receivable after more than one year				
Amounts due from subsidiary companies	-	11,000	-	11,000
Total trade and other receivables	23,546	33,690	19,879	30,460

Interest of £220,000 which relates to the long-term receivable due from subsidiaries has been credited to the University's Statement of Income and Expenditure (note 6).

19. Current investments

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing:				
In one year or less	25,679	25,679	23,078	23,078
	25,679	25,679	23,078	23,078

20. Creditors: amounts falling due within one year

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Trade payables	4,322	3,831	5,650	4,778
Social security and other taxation payable	3,110	3,061	2,775	2,770
Amounts owed to group undertakings	-	1,492	-	1,492
Accruals and deferred income	55,705	55,066	51,975	51,478
Derivatives	-	-	6,847	6,847
	63,137	63,450	67,247	67,365

The derivative liability relates to an interest rate swap that was in place until the University restructured part of its longer term borrowings in August 2017. It was paid as part of the associated breakage fees.

Deferred income

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

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations with performance conditions	816	816	862	862
Doctorial Training Grants	2,134	2,134	2,795	2,795
Student receipts in advance	12,677	12,677	12,188	12,188
Grant income (including pooling)	145	145	1,120	1,120
Other income with performance conditions	2,134	2,134	2,278	2,278
Research grants received on account	16,392	16,392	15,249	15,249
Other accruals and deferred income	15,674	15,035	14,285	13,788
Service Concession Arrangement	5,733	5,733	3,198	3,198
	55,705	55,066	51,975	51,478

21. Creditors: amounts falling due after more than one year

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	111,238	111,238	100,757	100,757
Cumulative convertible preference shares	95	-	95	-
	111,333	111,238	100,852	100,757
Analysis of unsecured loans:				
Due between one and two years	720	720	3,750	3,750
Due between two and five years	3,418	3,418	12,507	12,507
Due in five years or more	107,100	107,100	84,500	84,500
Due after more than one year	111,238	111,238	100,757	100,757
Unsecured loans repayable by 2022	1,257	1,257	1,257	1,257
Unsecured loans repayable by 2023	8,000	8,000	9,500	9,500
Unsecured loans repayable by 2026	4,981	4,981	30,000	30,000
Unsecured loans repayable by 2038	37,000	37,000	-	-
Unsecured loans repayable by 2048	60,000	60,000	60,000	60,000
	111,238	111,238	100,757	100,757

Other operating expenses include:

Lender	Amount £000	Repayments Commence	Interest Rate
Amber Green SPRUCE 2 LLP	8,000	2023	2.00%
Northwestern Mutual Life Insurance	37,000	2037	2.43%
Barclays Bank Plc	60,000	2039	5.06%

The University restructured part of its longer term borrowings in August 2017. From this arrangement breakage costs of £6.8million were paid and were charged to the Consolidated Statement of Income and Expenditure.

22. Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £000	FSSU Unfunded Pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2017	(22,602)	(8)	(38,267)	(60,877)	(424)	(36)	(460)
Utilised in year	2,262	5	20,271	22,538	30	36	66
Additions	(432)	-	(12,559)	(12,991)	(291)	(285)	(576)
Balance at 31 July 2018	(20,772)	(3)	(30,555)	(51,330)	(685)	(285)	(970)

University	Obligation to fund deficit on USS pension £000	FSSU Unfunded Pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2017	(22,602)	(8)	(38,267)	(60,877)	(424)	(36)	(460)
Utilised in year	2,262	5	20,271	22,538	30	36	66
Additions	(432)	-	(12,559)	(12,991)	(291)	(285)	(576)
Balance at 31 July 2018	(20,772)	(3)	(30,555)	(51,330)	(685)	(285)	(970)

USS deficit

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

23. Endowment reserves

Consolidated and University	Unrestricted permanent endowments £000	Restricted permanent endowments £000	2018 Total £000	2017 Total £000
Balances at 1 August 2017				
Capital	6,078	59,714	65,792	55,161
Accumulated income	-	3,651	3,651	3,011
	6,078	63,365	69,443	58,172
New endowments / transfers	(185)	(505)	(690)	936
Investment income	241	2,005	2,246	2,223
Expenditure	(241)	(1,502)	(1,743)	(1,583)
Increase in market value of investments	816	7,687	8,503	9,695
Total endowment comprehensive income for the year	631	7,685	8,316	11,271
Balances as at 31st July 2018	6,709	71,050	77,759	69,443
Represented by:				
Capital	6,709	66,896	73,605	65,792
Accumulated Income	-	4,154	4,154	3,651
	6,709	71,050	77,759	69,443
Analysis by type of purpose:				
	£000	£000	£000	£000
Chairs and Lectureships	-	17,936	17,936	15,574
Academic Schools / Unit Support	-	9,116	9,116	8,497
Scholarships and Bursaries	-	42,427	42,427	37,932
Prize funds	-	1,571	1,571	1,362
General	6,709	-	6,709	6,078
	6,709	71,050	77,759	69,443

23. Endowment reserves (cont'd)

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

Name of Fund	As at 31 July 2017 £000	New/ Additions £000	Change in market value £000	Transfer of realised appreciation £000	Income £000	Expenditure £000	As at 31 July 2018 £000
United College Chairs Fund	8,139	-	1,090	(290)	322	(322)	8,939
Lapsed Bursaries Fund	5,223	-	685	106	(86)	(53)	5,875
General Unrestricted Fund	3,314	-	444	(118)	131	(131)	3,640
The R&A Ransome Scholarship	2,254	-	302	(80)	89	(72)	2,493
Prof & Mrs Purdie Bequest	2,441	1	18	(5)	35	(75)	2,415
600th Anniversary Endow Fund	1,998	32	270	(71)	79	(79)	2,229
American Literature Fund	1,799	-	229	(30)	37	-	2,035
PhD Studentships (Anonymous)	1,599	-	203	(54)	60	(23)	1,785
Maitland Ramsay PG Scholarship	1,577	-	185	(49)	55	(36)	1,732
D&G Bonnyman Scholarship	1,563	-	203	(54)	60	(40)	1,732
600th Anniversary Scholarship Fund	1,356	61	176	(46)	51	(9)	1,589
Gifford Bequest	1,242	-	136	(36)	41	-	1,383
Moncrieff Travelling Scholarship	1,050	-	128	(34)	38	(30)	1,152
Shelby Cullom Davis Chair	359	738	48	(8)	9	-	1,146
John & Aileen Irving Fund	1,017	-	123	(33)	37	(39)	1,105
Barbara Bennett Ure Scholarship	972	-	126	(34)	37	(11)	1,090
Harold Mitchell Fellowship	832	-	94	(25)	28	(34)	895
The R&A International Scholarship	779	-	102	(27)	30	(25)	859
St Mary's Anniversary Appeal	794	-	97	(26)	29	(63)	831
Don Scholarship	739	-	87	(23)	26	-	829
	39,047	832	4,746	(937)	1,108	(1,042)	43,754

24. Restricted reserves

Reserves with restrictions are as follows:

	Unspent capital grants £000	Restricted donations £000	2018 Total £000	2017 Total £000
Balances at 1 August	1,805	2,981	4,786	14,441
New grants	3,250	-	3,250	1,161
New donations	-	4,827	4,827	1,692
Capital grants utilised	(455)	-	(455)	(10,398)
Expenditure	-	(1,023)	(1,023)	(2,110)
Total restricted comprehensive income for the year	2,795	3,804	6,599	(9,655)
Balances as at 31 July	4,600	6,785	11,385	4,786

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

	2018 Total £000	2017 Total £000
Chairs and Lectureships	2	(181)
Academic Schools / Unit Support	1,511	1,203
Scholarships and Bursaries	2,197	1,875
Prize funds	75	84
Capital projects	3,000	-
	6,785	2,981

25. Cash and cash equivalents

Consolidated	At 1st August 2017 £000	Cash Flows £000	At 31st July 2018 £000
Cash and cash equivalents	19,815	9,256	29,071
	19,815	9,256	29,071

26. Capital and other commitments (Consolidated and University)

Provision has not been made for the following capital commitments at 31st July 2018

	As at 31 July 2018		As at 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	15,809	15,809	30,176	30,176
Authorised but not contracted for	63,321	63,321	1,175	1,175
	79,130	79,130	31,351	31,351

27. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	Total as at 31 July 2018 £000	Total as at 31 July 2017 £000
Payable during the year	334	137	471	347
Future minimum lease payments due:				
Not later than 1 year	356	137	493	324
Later than 1 year and not later than 5 years	983	28	1,011	177
Later than 5 years	1,025	-	1,025	5
Total lease payments due	2,698	302	3,000	853

28. Events after the reporting period

There has been no matters identified following the 31st July 2018.

29. Amounts disbursed as an agent (Consolidated and University)

	Year ending 31 July 2018 £000	Year ending 31 July 2017 £000
Discretionary fund		
Income		
Excess of income over spend at 1 August	-	-
Funding Council grants	353	387
	353	387
Expenditure		
Disbursed to students	(320)	(348)
Transferred to Childcare Fund	(32)	(37)
Fund running cost	(1)	(2)
	(353)	(387)
Excess of income over expenditure at 31 July	-	-
Childcare fund		
	£000	£000
Income		
Excess of income over spend at 1 August	-	-
Funding Council grants	-	-
	-	-
Expenditure		
Disbursed to students	(32)	(37)
Transferred from Discretionary Fund	32	37
	-	-
Excess of income over expenditure at 31 July	-	-

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

30. Disclosure of related party transactions

Due to the nature of the University's activities and the composition of Court, (being drawn from public and private sector organisations) transactions may take place with organisations in particular with similar public bodies, which a member of Court may have an interest. From time to time, as supporters of the University, Court members may make donations of varying amounts to assist the University in achieving its goals. All members

of Court are required to complete a register of interests. The register is checked against the University's trade receivable and trade payable ledgers. All transactions in which a member of Court may have an interest, including those identified below, have been conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

Organisation	Income £000	Expenditure £000	Debtor £000	Creditor £000
Pneumagen Ltd	642	-	162	-
St Leonards School	93	17	6	-

31. Pension schemes

The University contributes to two pension schemes for its staff:

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

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

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

The total cost charged to the statement of income and expenditure is £10.1million (2016/17- £10.0million). This includes £1.0million (2016/17 – £1.0 million) of outstanding contributions at the balance sheet date

FRS102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and

represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure in accordance with section 28 of FRS102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, and 14 years of this plan remain. Details of the provision, which has been discounted at a rate of 2.19% and calculated as £22.8million at 31 July 2018 are included in note 22 to the financial statements.

The 2017 actuarial valuation of USS has been undertaken, but has not yet been formally completed. The valuation highlighted significant challenges currently facing the scheme and there is a likelihood of sizeable increases in contributions being required to address these challenges.

31. Pension schemes (cont'd)

This notwithstanding, the 2017 valuation has not formally completed and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the levels of contributions required, the period of the recovery plan and the level of asset performance over the period. It therefore remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

This means that there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations – potentially by a very significant amount – depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year.

Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing £22.8million liability assuming the same discount rate.

	Provision required £000	Increase / (decrease) £000
The impact of a 1% increase in employer contributions	30,768	9,997
The impact of a 3.9% increase in employer contributions	59,551	38,780
The impact of increasing the duration of deficit repayment to 14 years	26,453	5,682
The impact of increasing the duration of deficit repayment to 17 years	28,418	7,647
The impact of increasing the duration of deficit repayment to 20 years	34,535	13,764

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits. These figures will be revised once the 2017 Scheme valuation is complete.

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

	As at 31 July 2018	As at 31 July 2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.02%	2.41%

31. Pension schemes (cont'd)

	2018	2017
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	Pre-retirement: 98% of SAPS S1NA "light" YOB unadjusted for males
	Post retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	Post-retirement: 99% of SAPS S1NA "light" YOB with a -1 adjustment for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2014 with a long-term rate of 1.5% pa

The current life expectancies on retirement at age 65 are:

	As at 31 July 2018 Years	As at 31 July 2017 Years
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	As at 31 July 2018 £	As at 31 July 2017 £
Existing benefits		
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

31. Pension Schemes (cont'd)

b) St Andrews University Superannuation & Life Assurance Scheme

This is a defined benefit scheme primarily for the benefit of non-academic University staff. It is externally funded and contracted out. The assets of the scheme are held in a separate trustee administered fund. The University is required to account for the present value of the scheme assets and liabilities on its balance sheet. A full actuarial valuation of the scheme was carried out at 31 July 2015 and updated to 31 July 2018 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

Disclosure of principal assumptions	Year ended 31 July 2018	Year ended 31 July 2017	Year ended 31 July 2016
Rate of increase in salaries	3.05% ²	1.70% ¹	2.50% ²
	2.05% ³	2.50% ²	2.65% ³
	-	3.05% ³	-
Pension increases (RPI max 9.00%)	3.10%	3.10%	2.70%
Pension increases (RPI max 2.50%)	2.05%	2.05%	1.90%
Discount Rate	2.85%	2.55%	2.40%
Inflation assumption (RPI)	3.05%	3.05%	2.65%
Inflation assumption (CPI)	2.05%	2.05%	1.65%

¹ for one year; ² for two years; ³ thereafter

The current mortality assumptions include sufficient allowance for future mortality improvements in mortality rates. The assumed life expectancies on retirement at age 65 are:

	As at 31 July 2018 Years	As at 31 July 2017 Years
Retiring today:		
Males	21.6	21.7
Females	23.5	23.6
Retiring in 20 years:		
Males	22.9	23.1
Females	25.0	25.1

The table below shows the effect that changing the most significant assumptions at 31 July 2018 would have had on the defined benefit obligation.

	(Increase)/decrease in defined benefit obligation at 31 July 2018 £000
Increase of 0.25% in the discount rate	6,021
Decrease of 0.25% in the discount rate	(6,432)
Increase of 0.1% in inflation	(2,080)
Decrease of 0.1% in inflation	2,043
Increase of one year in life expectancy*	(4,795)

* Life expectancies would increase from 21.6 years to 22.6 years for a male currently aged 65, and from 22.9 years to 23.9 years for a male currently aged 45.

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

31. Pension schemes (cont'd)

The fair value of the assets of the scheme are:

	Value at 31 July 2018 £000	Value at 31 July 2017 £000	Value at 31 July 2016 £000
Equities	43,474	41,986	44,374
Diversified Growth Fund	35,009	32,633	27,363
Property	7,211	6,710	10,784
Multi-Asset Credit Fund	18,811	18,095	11,947
Other	941	2,472	108
	105,446	101,896	94,576

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

	As at 31 July 2018 £000	As at 31 July 2017 £000
Total fair value of scheme assets	105,446	101,896
Present value of scheme liabilities	(136,001)	(140,163)
Deficit in scheme – Net pension liability	(30,555)	(38,267)

	As at 31 July 2018 £000	As at 31 July 2017 £000
Changes in the present value of the defined benefit assets		
Opening fair value of scheme assets	101,896	94,576
Interest income on scheme assets	2,605	2,274
Return on assets in excess of interest income on scheme assets	972	5,428
Contributions by employer	4,054	4,270
Contributions by members	106	96
Benefits paid	(3,658)	(3,989)
Admin expenses paid	(529)	(759)
Closing fair value of scheme assets	105,446	101,896

31. Pension schemes (cont'd)

	Value at 31 July 2018 £000	Value at 31 July 2017 £000
Changes in the present value of the defined benefit liabilities		
Opening defined benefit liability	140,163	135,001
Current service cost	4,671	4,955
Interest Cost	3,595	3,255
Employee contributions	106	96
Actuarial losses – change in financial assumptions	(8,025)	3,483
Actuarial gains – change in demographic assumptions	(851)	(2,100)
Experience gain on benefit obligation	-	-
Benefits paid	(3,658)	(3,989)
Gain on curtailments	-	(538)
Closing defined benefit liability	136,001	140,163

Amounts charged to statement of consolidated income:

Current service cost	4,671	4,955
Administrative expenses	529	759
Gain on curtailment	-	(538)
Total operating charge	5,200	5,176

	As at 31 July 2018 £000	As at 31 July 2017 £000
Net finance charge on pension scheme		
Interest income on scheme assets	2,605	2,274
Interest on pension scheme liabilities	(3,595)	(3,255)
Net charge to other finance income	(990)	(981)

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Analysis of other comprehensive income		
Gain on scheme assets	972	5,428
Experience gain arising on benefit obligation	-	-
Actuarial gain / (loss) – change in financial assumptions	8,025	(3,483)
Actuarial gain – change in demographic assumptions	851	2,100
Total actuarial gain recognised in SOCI&E	9,848	4,045

31. Pension schemes (cont'd)

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

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Deficit on scheme at 1 August	(38,267)	(40,425)
<i>Movement in year:</i>		
Current service cost	(4,671)	(4,955)
Administrative expenses	(529)	(759)
Contributions	4,054	4,270
Other finance charge	(990)	(981)
Actuarial gain	9,848	4,045
Gain on curtailments	-	538
Deficit on scheme at 31 July	(30,555)	(38,267)

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

	Year ended 31 July 2018	Year ended 31 July 2017
	17.93%	20.23%

The estimated contribution to be paid to the scheme for the next accounting period is £2.893 million. The employer's contribution to be paid next year is based on the current members of the scheme as at 31 July 2018.

History of experience gains and (losses)	2018	2017	2016	2015	2014
Difference between the expected and actual return on scheme assets					
Amount (£000)	972	5,428	4,151	5,551	(2,309)
Percentage of scheme assets	0.9%	5.3%	4.4%	6.3%	2.9%
Experience gains and losses on scheme liabilities					
Amount (£000)	-	-	4,649	-	(434)
Percentage of the present value of the scheme liabilities	-	-	3.4%	-	0.4%

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



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University of St Andrews Finance Office
The Old Burgh School, Abbey Walk
St Andrews, Fife, Scotland, KY16 9LB

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