

Financial Statements

for the year ended 31st July 2012

Registered Company Number: 4498683

A Company limited by guarantee, without share capital, registered in England

An Exempt Charity



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Welcome from the Chairman of the Governing Body and the Vice Chancellor

We are pleased to present the University's Financial Statements for the year ended 31st July 2012.

At York St John University we strive to be exceptional in all we do and achieve. Our mission is a commitment to the provision of excellent, open and progressive Higher Education, that embraces differences, challenges prejudice and promotes justice and is shaped by York St John's Church Foundation.

We are building a reputation as a high quality, friendly University, known for its academic excellence, a strong community spirit and a magnificent campus based in the heart of the city. The development of our new strategic plan 2012-15 will help us to build on our success.

Through our strategy we will:

- Enhance the **quality** of the student experience, with a particular focus on learning and teaching, so that our graduates develop skills for life and work.
- Nurture and retain the sense of **community** built up over 170 years.
- Deliver **growth** in our student numbers – Home/EU, international and postgraduate.
- Ensure our financial and organisational **resilience**.

Higher Education is experiencing unprecedented change, and the environment within which we are operating is complex and more competitive. In a time of intense competition, applications to the University continue to increase (over 11% this year) and key recruitment targets are being met. The University has exceeded its budgeted cash generation expectations, inclusive of an additional £1.4m revenue investment in academic provision and outreach activities.

Making Higher Education an option for everyone has always been something that we strive towards at York St John. Once again we are delighted that OFFA (Office for Fair Access) has confirmed our Access Agreement. Throughout York St John's long and proud history, we have enjoyed an excellent reputation for encouraging and providing access to those with the ambition and ability to go to University. This agreement forms an important part of our on-going commitment to our students' experience and their achievements. Our success is demonstrated in our track record for our graduate destinations, with latest figures showing that 92% of our graduates from a diverse range of backgrounds are in work or further study and training within six months of graduation.

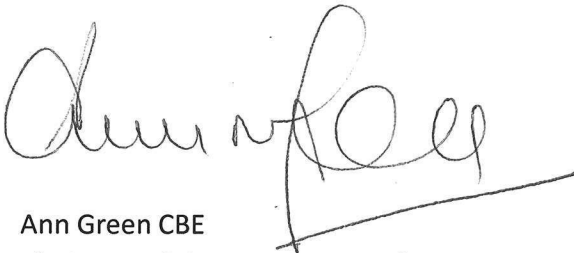
The University's Access Agreement represents a generous suite of financial support for new starters and students in most need, coupled with partnership activities with schools, colleges and community groups. We are committed to delivering an exceptional experience for students and achieving our widening participation and retention aims.

Internationally the University has continued to strengthen its position. Our subsidiary company York SJ SDN BHD has opened regional offices in Kuala Lumpur and Beijing. International acceptances for 2012 entry have increased from the previous year as a result of this investment. The development of new

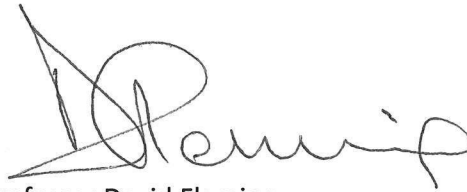
strategic partnerships in Malaysia, Singapore and Vietnam will help to promote further York St John in the international market and provide greater opportunities for our staff and students.

Capital investment continues. At the end of the last academic year we embarked on a £3 million improvement scheme to enhance a range of facilities across the University. One of these projects involved the development of an exciting and fresh approach to student learning services through the refurbishment of the Fountains Learning Centre. In line with the University plan to expand our provision for inclusive sport we recently acquired 57 acres of playing fields located within walking distance from the campus. This site will provide one the best outdoor sports parks in the sector and will be available for community use.

Our continued success is down to our incredibly dedicated staff working closely with students and external partners. The University's well informed and thorough planning means that we have a strong financial base and are well placed for the changes within the new funding regime. We look forward to future years of continued progress and success.



Ann Green CBE
Chairman of the Governing Body
19th November 2012



Professor David Fleming
Vice Chancellor
19th November 2012

University Information

The following persons served as Governors and Directors of the Company. Each year they sign a register of interests.

Governors		<u>Date of Appointment</u>	<u>Date of Expiry of Office</u>
Representative of the Lord Archbishop of York	Rt Revd Tom Butler	01/09/2012	31/07/2015
	Rt Revd David Smith ¹	01/09/2003	31/08/2012
2 Diocesan Nominees	Rt Revd James Bell	01/09/2009	31/07/2015
	Revd John Hadjioannou	01/09/2009	31/07/2015
	Fiona Beevers	01/09/2005	30/09/2011
2 Members of the Church of England or a church in communion with it	John Finnigan	01/09/2005	31/07/2014
	Diana Gant	01/09/2005	31/07/2014
	Robin Hall ²	01/09/2000	30/09/2011
General Synod Board of Education	Dr Ann Lees	01/10/2008	31/07/2014
Vice Chancellor, ex officio	Prof David Fleming	01/06/2010	
Staff Governor	James Fathers	01/03/2010	31/08/2013
	Diana Wetherell Terry ³	01/09/2008	31/08/2011
	Simon Newton	01/09/2009	31/07/2012
Student Governor (President of Students' Union), ex officio	Leigh Hankinson	01/07/2010	30/06/2012
	Adam McSkimming	01/07/2012	
Up to 8 Co-opted Governors	Vicky Biles	01/09/2006	31/07/2013
	Martin Hathaway	01/09/2009	31/07/2013
	Judith Hewitt ⁴	01/09/2007	31/08/2013
	Gurdeep Kaur Chadha	01/09/2005	31/07/2014
	Ann Green ⁵	11/07/2011	31/07/2014
	Jane Hanstock	01/09/2006	31/07/2015
	Vacancy		31/07/2015
	Vacancy		31/07/2015
	Richard Coates ³	06/01/2009	31/08/2011
	Cllr Elizabeth Casling ⁶	01/05/2010	31/08/2011
	Paul Murphy	01/09/2006	31/08/2012
Prof David Sugden ⁷	01/09/2009	31/08/2012	

Bankers	External Auditors	Internal Auditors	Solicitors	Corporate Office
Barclays Bank plc Parliament Street York YO1 1XD	KPMG LLP 1 The Embankment Leeds LS1 4DW	PWC LLP Benson House 33 Wellington Street Leeds LS1 4JP	Langleys Queens House Micklegate York YO1 6WG	Lord Mayor's Walk York YO31 7EX

Company Secretary Alison Kennell

Status

Church of England Voluntary University, company limited by guarantee and an exempt charity..

¹ Rt Revd David Smith served as a representative of the Diocese of York from 01/09/2003. From 01/09/2010 he served as both a representative of the Diocese of York and the representative of the Lord Archbishop of York.

² Robin Hall: Chair of the Governing Body until 30/09/2011.

³ Served as a Governor, but did not serve as a Director.

⁴ Judith Hewitt: originally appointed by Association of the Colleges of Ripon and York St John.

⁵ Ann Green: Chair of the Governing Body from 01/10/2011.

⁶ Elizabeth Casling: originally nominated by North Yorkshire County Council; did not serve as a Director.

⁷ Prof David Sugden: originally nominated by the University of Leeds.

Directors' Report

Charitable status and legal structure

Until 31st July 2011 the University was an unincorporated charitable trust with a corporate trustee, York St John Endowment (the Company) which is a charitable company limited by guarantee (registered in England and Wales number 4498683, charity registration number 1098356).

On 1st August 2011:

- the Company took over the assets and activities of the University, and the trust that had been running the University until 31st July 2011 became dormant.
- the Company changed its name to York St John University, and the trust changed its name to York St John Trust.
- both entities became exempt charities, regulated by the Higher Education Funding Council for England.

These changes have been made to modernise and simplify the operations of the University, adopting current best practice in the sector. Consequently this is the first year the company has operated as a University. Merger Accounting has been used in these Financial Statements to reflect the restructure.

Scope

This Directors' Report has been prepared in accordance with the Financial Reporting Council's Reporting Statement, Charity Commission guidance on public benefit and section 4 of the Charities Act 2011. The Financial Statements show the consolidated results of the University and its wholly-owned subsidiary, York SJ SDN BHD and its sub-subsidiary Nusantara Cangghi Solutions SDN BHD for the year ended 31st July 2012. York SJ SDN BHD is a company registered in Malaysia which markets and promotes the University. It started trading in December 2011.

The Financial Statements exclude the results for the York St John Students' Union, which is a separate entity.

Members of the Governing Body

All the members of the University Governing Body are directors of the Company. No director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff and that described in note 31 to the accounts. None of the directors had any beneficial interest in York SJ SDN BHD during the year.

Corporate strategy

The University has a well embedded mission:

York St John is committed to the provision of excellent, open and progressive Higher Education that embraces difference, challenges prejudice and promotes justice, and is shaped by York St John's Church foundation. Building on this foundation it aims to:

- provide widely-accessible opportunities for life-long learning, underpinned by scholarship and research.
- extend and deepen the University's external contribution regionally, nationally and globally.
- foster a supportive, creative, critical and reflective community which promotes personal and professional development for both students and staff.

Over the past year the University has developed a new vision which has focused activity and has helped drive success in areas such as the National Student Survey, continued high graduate employability, the creation of a new enterprise hub and the innovative renewal of The Fountains Learning Centre. The Corporate Strategy has been refreshed to support this vision which will rest on three pivotal themes to characterise York St John and all that it delivers:

- Exceptional learning and teaching,
- Exceptional student experience,
- Exceptional graduates.

A strategy map has been developed which reflects and integrates Leading and Enabling Strategies alongside Key Performance Indicators.

The Leading Strategies are:

- Learning, Teaching and Assessment,
- Research,
- International,
- Student Recruitment and Widening Participation,
- Enterprise and Employability.

Public benefit

The object of the University, as defined in its Instrument of Government, is the advancement of education including the conduct and development of a University. As a civic University, public benefit forms an integral part of all activities. In determining the University's objectives and activities, the Board of Governors, has complied with the Charity Commission guidance on reporting of public benefit and, in particular, the supplemental guidance on the advancement of education.

The public benefit guidance identifies two requirements:

- There must be an identifiable benefit or benefits. The University's mission sets out clearly defined direct benefits, satisfying this requirement.
- The benefit must be to the public or a section of the public.

The University engages with the local and regional community, and contributes over £150m per year to the regional economy. There is strong encouragement for staff and students to get involved and they give thousands of hours to volunteering, internships and knowledge transfer activity, through public access to facilities and events, co-operative projects and participation in civic activities. There is a direct benefit to students from these activities and an indirect benefit to the public at large.

Widening participation

The University is committed to the Widening Participation agenda and invests considerable resources each year on work with schools and young people to raise the profile of Higher Education. The University's Access Agreement has been approved by the Office of Fair Access and a range of fee waivers and scholarships are available for students from low income families or who may suffer financial difficulties. There are also a range of facilities available for disabled students to ensure that they are not disadvantaged in any way and are able to fully participate in the life of the University.

Equality and diversity

York St John University is dedicated to providing an environment which supports a diverse range of staff and students. The University's commitment in its mission statement to provide '...excellent, open and progressive Higher Education that embraces difference, challenges prejudice and promotes justice...' reinforces this obligation. In accordance with our mission the University is committed to produce, implement, review and monitor policies which promote equality, diversity and human rights and ensure an environment which is free from all forms of unfair treatment, discrimination and harassment for all those who study, work and engage with the institution.

The University is committed to encouraging and enabling staff and students to achieve their full potential and believes that no one should receive less favourable treatment while working or studying within the institution on the basis of, age, carer responsibilities, disability, class, marital or civil partnership status, gender identity, pregnancy and maternity, race, religion or belief, sex, sexual orientation, trade union activity, criminal background or any other category where discrimination cannot be reasonably justified.

The University has implemented a new Equality, Diversity and Human Rights Strategy through which the University ensures that the principles of respect and dignity of the individual and equality of opportunity are incorporated in the policies, organisation, management and activities of the University community and become part of all we do.

The University has also adopted the national living wage so that all our employees can provide their families with the essentials of life.

Sustainability

The University is also committed to reducing its impact on the environment and has a Carbon Management Plan. Projects have improved estate management, with support under the Salix funding scheme for new heating systems and the extension of electrical sub-metering to improve energy consumption management. To reduce transport emissions, on-site parking has been reduced and alternative use of public transport and cycles encouraged. The University works on a number of these schemes with local organisations.

Finance

Fee income

York St John University's overarching strategy has positioned it well for the future within a significantly changed funding context. The continuing shift in University funding away from Government grants towards a largely fees led regime has led to a much more dynamic and competitive environment for universities. New types of providers are emerging, including not for profit and for profit organisations, for students with access to Government and Non-Government backed loans, as well as increased involvement from Further Education providers.

The University has set its fees to reflect the high quality of its offer, its long standing investment in its resources and the fast growing demand for its courses. After careful consideration, the tuition fee for new students starting in 2013/14 on three year undergraduate programmes is £9,000, supported by one of the most generous fee waivers and scholarship packages in the sector and results in an average fee of just below £7,500. As entry standards to the University have been rising we are also reviewing how we might attract more students with entry scores that no longer form part of the Government student number control.

The Government will provide the tuition loans and will continue to have a keen interest in the governance, quality, regulation and sustainability of Higher Education provision.

Budget management

The University has operated devolved budgeting for many years. This allows resources to be focused on student need in an efficient way. The primary budget holders, Deans of Faculties and Service Department Directors, are the members of the Strategic Leadership Team. One of the key performance measures for the team is the management of their devolved budgets. Monthly financial reports showing variance information and key performance indicators are available on the staff information hub and are reviewed and discussed by the Strategic Leadership Team and the Governing Body.

Estates Development and Capital Projects

Recent investment and high quality Estate Management has resulted in an elegant, modern and integrated campus that successfully combines contemporary and historic buildings. This facilitates an excellent student experience and a terrific range of well-located accommodation. All of this is in the exciting environment that is York - with its heritage, vibrant café/bar culture and nightlife. Exciting plans are being developed for the newly acquired outdoor sports park.

Students' Union

The Students' Union worked closely with the finance department to manage its budget effectively. The Students' Union continues to operate independently of the University.

Results for the Year

Financial review

Results Summary £m	2011/12	2010/11
Income	44.5	44.0
Expenditure	43.4	42.3
Surplus on continuing operations	1.1	1.7
Historical Cost Surplus	1.3	1.9

The University's financial performance and position can be summarised as follows:

	2011/12	2010/11
Income increase	1.1%	3.0%
Historic Cost Surplus as a % of total income	2.9%	4.3%
Cash generated from operating activities	£4.1m	£2.7m
- stated as a % of income	9.2%	6.1%
Net assets	£62.1m	£64.9m
Pension Liability	£15.8m	£12.0m
Long-term borrowings	£12.6m	£13.0m
- stated as a % of net assets	20.3%	20.0%

Income

Income has increased as follows:

Income £m	2011/12	2010/11	Change
Funding Council Grants	15.2	16.3	(1.1)
Tuition Fees & Educational Contracts	19.8	18.4	1.4
Research Grants and Contracts	0.1	0.2	(0.1)
Other Income	9.3	9.0	0.3
Endowment & Investment	0.1	0.1	-
Total Income	44.5	44.0	0.5

Funding Council Grants have decreased because of lower funding for specific projects. This has been balanced by an increase in fees from full time undergraduate students. The University exceeded its budgeted income targets for the year.

Expenditure

Expenditure rose slightly as follows:

Expenditure £m	2011/12	2010/11	Change
Staff Costs	24.0	23.4	0.6
Other Operating Costs	15.8	15.3	0.5
Depreciation	2.4	2.3	0.1
Interest & Other Financial Costs	1.2	1.2	-
Total Expenditure	43.4	42.2	1.2

Staff costs as a % of income	53.9%	53.2%
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Costs have been well managed within the agreed budgets and included £1.4m of additional investment in academic provision, marketing and outreach activity.

Balance sheet

2011/12 has been a year in which most balance sheet values have been enhanced as follows:

	2011/12	2010/11	Change
Net assets	£62.1m	£64.9m	(£2.8m)
Fixed assets	£81.7m	£80.9m	£0.8m
Additions to Fixed assets	£3.3m	£2.5m	£0.8m
Depreciation charged	£2.4m	£2.3m	£0.1m
Net current assets	£9.5m	£9.8m	(£0.3m)
Creditors: amounts falling due within one year	£5.3m	£5.4m	(£0.1m)
Cash and short term deposits	£11.3m	£11.3m	£0.0m
Debtors	£3.4m	£3.8m	(£0.4m)
Endowments	£0.4m	£0.4m	£0.0m

Net assets have been depressed due to a sharp rise in the pension liability under FRS17 from £12.0m last year to £15.8m. The expenditure charge under FRS17, (as detailed in note 29), is £0.5m down from £0.6m last year.

Key Performance Indicators

The University's suite of Key Performance Indicators are carefully monitored and classified by progress made against target and risk in terms of impact and likelihood. The indicators cover students, staff, financial and sustainability factors and are monitored against sector benchmarks. The majority of these targets are on track. There are a few minor concerns in some targets in the Student category and actions are being taken to respond effectively to these. However, along with the rest of the sector there is an inherent risk relating to potential reductions in demand under the new fee regime.

Treasury policies and objectives

In balancing risk against return the University's investment policy prioritises security of the University's funds over maximising interest earned. Funds are placed with institutions approved by the Finance and Capital Development Committee, and a limit for deposits with individual institutions is reviewed regularly, based on a formula approved by that Committee.

Policy and practice on payment of creditors

It is the University's policy to pay creditors not later than 30 days after receipt of a valid invoice. The practice is to pay as soon as possible. As a result many invoices are paid before 30 days have passed.

Political and Charitable contributions

There were no political contributions or contributions to other charities during the year.

Disclosure of information to the auditors

The Governing Body has provided the auditors with:

- access to all information of which it is aware, that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
- additional information requested from the Governing Body for the purpose of the audit;
- unrestricted access to persons within the Group and the University from whom the auditors determined it necessary to obtain audit evidence, and;
- all other records and related information, including minutes of all management and Governing Body meetings and, when applicable, summaries of actions of meetings held after period end for which minutes have not yet been prepared.

Re-appointment of the Auditors

A resolution to appoint KPMG LLP as external auditor will be put to the Governing Body on 19th November 2012.

Going concern

This Directors' Report sets out the University's activities, together with:

- the factors likely to affect its future development, performance and position;
- the financial position of the company, including its cash flows and liquidity position;
- the objectives, policies and processes for managing its activities;
- and its financial risk management objectives.

The University has considerable financial resources together with steady growth in student numbers. There are well established processes in place to plan for the future, monitor progress against targets and manage risks. As a consequence, the directors believe that the University is well placed to manage its business risks successfully despite the current uncertain economic outlook.

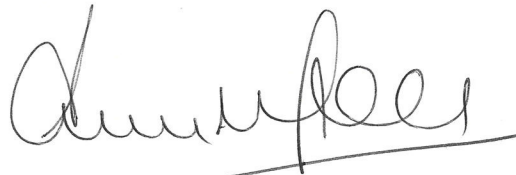
The Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Conclusion

The Financial Statements reflect a successful and well established University demonstrating high quality academic achievement underpinned by financial resilience and positioned to respond to the challenges ahead.



Professor David Fleming
Vice Chancellor
19th November 2012



On behalf of the Governing Body
Ann Green CBE
Chairman of the Governing Body
19th November 2012

Statement on Corporate Governance and Risk Management

The following statement is based on both HEFCE guidelines and the model statement provided by the CUC guide, while offering details specific to the University:

This statement is provided to enable readers of the Directors' Report and Financial Statements of York St John University to obtain a better understanding of its governance and legal structure.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of Higher Education from the Committee of University Chairs in its Guide for Members of HE Governing Bodies in the UK.

York St John was granted University status on 1 October 2006 by the Privy Council under the terms of the Further and Higher Education Act 1992. The University is a company limited by guarantee and an exempt charity. Its objects, powers and framework of governance are set out in the Articles of Association which were approved by the Privy Council in 2012.

The articles require the Governing Body to conduct the affairs of the University and be responsible for:

- the determination of the educational character and objectives of the University and for the supervision of its activities;
- the effective and efficient use of resources, the solvency of the University and for safeguarding its assets;
- approving annual estimates of income and expenditure;
- for the assignment of duties, rights and appraisal of the Vice-Chancellor;
- the determination of the policy for pay and general conditions of employment of the Staff;
- the appointment of Auditors; and
- ensuring that there is an effective framework overseen by the Academic Board to manage the quality of learning and teaching and to maintain academic standards.

Members of the Governing Body are nominated in accordance with the articles. The Chairman of the Governing Body is appointed according to regulations determined from time to time by the Governing Body. There is also provision for the appointment of co-opted members, and representatives of the academic staff and the student body. No members of the Governing Body receive any remuneration for the work they do for that body.

The Chief Executive Officer (Vice Chancellor) is the head of York St John University and has a general responsibility to the Governing Body for the organisation, direction and management of the institution. Under the terms of the formal financial memorandum between the University and the Higher Education Funding Council (HEFCE), the head of the institution is the accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the head of the University exercises considerable influence upon the development of strategy, the identification and planning of new developments, and shaping of the ethos. The Strategic Leadership Team all contribute to aspects of the work, but the ultimate responsibility for what is done rests with the Governing Body.

A register of interests of members of the Governing Body and Strategic Leadership Team members is maintained, which may be consulted by arrangement with the Secretary.

In accordance with the Articles of Association, a secretary to the Governing Body has been appointed. In that capacity, she provides independent advice on matters of governance to all members of the Governing Body.

Internal control

The Governing Body of the University has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the Articles of Association and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been embedded and was in operation during the year ended 31 July 2012 and, up to the date of signing these Financial Statements, accords with HEFCE guidance.

The Governing Body is of the view that:

- there is an on-going process for identifying, evaluating and managing the University's significant risks,

- it has been in place for the year ended 31st July 2012 and up to the date of approval of the Directors' Report and Financial Statements,
- it is regularly reviewed by the Governing Body, and
- it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for Higher Education.

The University's Governing Body meets three times a year and has the following committees:

- Audit,
- Finance and Capital Development,
- Foundation,
- Governance and Nominations,
- Human Resources and
- Remuneration.

All of these Committees are formally constituted with terms of reference. They are mainly comprised of lay members of the Governing Body, one of whom is the Chair.

All Governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Company Secretary, acting as Clerk to the Governing Body, who is responsible to the Governing Body for ensuring compliance with all applicable procedures and regulations.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to meetings. Briefings are also provided on an ad-hoc basis.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

All Governors give of their time freely and no remuneration was paid in the year. No Governor or person connected with a Governor received any benefit from either bursaries or scholarships awarded to our students.

There is a clear division of responsibility in that the roles of the Chairman and Vice Chancellor are separate.

Appointments to the Governing Body

The Governance and Nominations Committee recommends the appointment of members to the Governing Body and its sub-committees, in accordance with the relevant terms of reference.

As part of the process of modernising the legal structure of the University, the number of governors is being reduced to 17 over the next year.

Remuneration Committee

The Remuneration Committee determines the remuneration of the University's most senior posts.

Audit Committee

The Audit Committee meets four times a year, with the University's External and Internal Auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control, and management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. Once a year the Committee meets both the Internal and External Auditors on their own, for independent discussions.

Internal control

The University's Governing Body 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 Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an on-going process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31st July 2012 and up to the date of approval of the Directors' Report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for Higher Education.

The Strategic Leadership Team receives reports setting out key performance and risk indicators, together with regular reports from Internal Audit and the Health and Safety Committee which include recommendations for improvement. They consider possible control issues brought to their attention by

early warning mechanisms which are embedded within the operational units, reinforced by risk awareness training. Audit Committee also receive regular reports from Internal Audit which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control, governance and risk management. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2012 meeting, the Governing Body carried out the annual assessment for the year ended 31st July 2012 by considering documentation from the Strategic Leadership Team and Internal Audit, and taking account of events since 31st July 2012.

Going concern

The Directors' Report sets out the University's:

- business activities,
- the factors likely to affect its future development,
- financial position, including the liquidity position,
- objectives, policies and processes for managing its capital,
- its financial risk management objectives

The University has considerable financial resources together with steady growth in student numbers. There are well established processes in place to plan for the future, monitor progress against targets and manage risks. As a consequence, the directors believe that the University is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the Financial Statements.



Professor David Fleming
Vice Chancellor
19th November 2012



On behalf of the Governing Body
Ann Green CBE
Chairman of the Governing Body
19th November 2012

Statement of responsibilities of the Members of the Governing Body

In accordance with the Articles of Association of the company the Governing Body 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. This also includes ensuring the operation of an effective system of internal control.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and to enable it to ensure that the Financial Statements are prepared in accordance with the University's Articles of Association, the Companies Act 2006, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for England, the Governing Body of the University, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University, and of the surplus or deficit and cash flows for that period.

In preparing those Financial Statements, the Governing Body is required to:

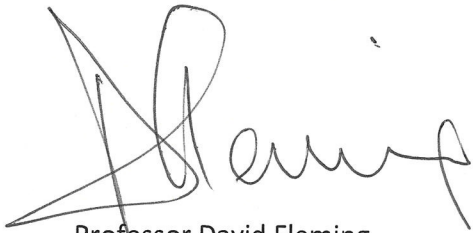
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that business will continue.

The Governing Body has taken reasonable steps to:

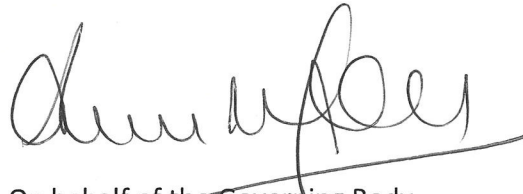
- ensure that funds from the Higher Education Funding Council for England (HEFCE), the Teaching Agency (TA), and the Strategic Health Authority (SHA) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE, TA or SHA may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University, and to prevent and detect fraud and other irregularities;

- secure the economical, efficient and effective management of the University's resources and expenditure.

The University will be publishing these Financial Statements on its website and takes responsibility for the integrity of that site.



Professor David Fleming
Vice Chancellor
19th November 2012



On behalf of the Governing Body
Ann Green CBE
Pro Chancellor
19th November 2012



Independent Auditor's Report to the Governing Body of York St John University

We have audited the group and parent company Financial Statements of York St John University for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body and to the company's members, in accordance with York St John University's Articles of Government and section 124B of the Education Reform Act 1988 and to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governing Body and to the company's members 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 Governing Body, as a body, and the company's members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governing Body and auditor

As explained more fully in the Statement of Responsibilities set out on page 18, the Governing Body (and the Directors of the company for the purposes of company law) is responsible for the preparation of Financial Statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the Financial Statements.

Independent Auditor's Report for the year ended 31st July 2012 (continued)

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of affairs of the Group and parent University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Companies Act 2006.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 in our opinion, in all material respects:

- funds from whatever source administered by the Group and the parent University for specific purposes have been applied to those purposes; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control (included as part of the Report of the Governing Body) is inconsistent with our knowledge of the Group and the parent University.

Independent Auditor's Report for the year ended 31st July 2012 (continued)

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University Financial Statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

S R Clark

Steve Clark
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

19th November 2012

Statement of Principal Accounting Policies

Basis of preparation

The University is a company limited by guarantee. Under the terms of the Articles of Association, the members of the University Governing Body have each undertaken to contribute a maximum of £1 in the event of winding up of the company.

These Financial Statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions (2007), applicable accounting standards, and Companies Act 2006 where appropriate. They conform to guidance published by the Higher Education Funding Council for England.

Basis of accounting

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties.

Basis of consolidation

Until 31st July 2011 the University was an unincorporated charitable trust with a corporate trustee, York St John Endowment (the Company) which is a charitable company limited by guarantee (registered in England and Wales number 4498683, charity registration number 1098356).

On 1st August 2011:

- the Company took over the assets and activities of the University, and the trust that had been running the University until 31st July 2011 became dormant.
- the Company changed its name to York St John University, and the trust changed its name to York St John Trust.
- both entities became exempt charities, regulated by the Higher Education Funding Council for England.

These changes have been made to modernise and simplify the operations of the University, adopting current best practice in the sector. Consequently this is the first year the company has operated as a University. Merger Accounting has been used in these Financial Statements to reflect the restructure.

The consolidated Financial Statements include the University and its subsidiary undertaking, York SJ SDN BHD, which commenced trading in December 2011. Intra-group sales and profits are eliminated fully on consolidation.

Details of the University's subsidiary undertakings are provided in Note 13 to the Financial Statements.

The consolidated Financial Statements do not include those of the Students' Union as it is a separate organisation in which the University has no control or significant influence over policy decisions.

Format of the accounts

The directors have taken advantage of the Companies Act 2006 to adapt the format of the accounts to reflect the special nature of the Company's business.

Recognition of income

Funding Council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent the contract or service has been completed. Payments received in advance of performance are included in liabilities.

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

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

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

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the Statement of Total Recognised Gains and Losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset,

crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

Agency arrangements

Funds the University receives and disburses as an agent are excluded from the income and expenditure of the University on the basis that the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Leases

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

Taxation

The University is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. 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 Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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.

York SJ SDN BHD is subject to local taxes in Malaysia. Provision is made in the consolidated income and expenditure account in the year the taxable profit arises.

Fixed Assets

Land and buildings are included in the accounts at valuation. The assets are re-valued every five years, with an interim valuation after three years. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life, which varies between 20 and 100 years. The All Weather Pitch is depreciated over its expected useful life of 20 years, and portakabins are depreciated over 3 years.

Impairment: A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable.

Buildings under Construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31st July. They are not depreciated until brought into use.

Fixtures, Fittings and Equipment: Depreciation is provided on the cost of fixtures, fittings and equipment in equal annual instalments over the estimated useful lives of the assets of:

- between three and seven years for equipment

- ten years for fixtures & fittings

Assets costing less than £5,000 are written off to the Income and Expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Specific Grants: Where land and buildings or equipment are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the asset on a basis consistent with the depreciation policy.

Finance Costs which are directly attributable to the construction of land and buildings are not capitalised as part of those assets.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance 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.

Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value.

Investments

Fixed asset investments that are listed on a recognised stock exchange are carried at market value. Fixed asset investments that are not listed on a recognised stock exchange are carried at historic cost less any provision for impairment in their value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Stocks are stated at the lower of cost or net realisable value. Stocks held in academic departments are written off to the Income and Expenditure Account in the year of purchase. Where necessary, a provision is made for obsolete, slow-moving and defective stocks.

Cash flows and liquid resources

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

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

Website development costs

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects.

Where there is uncertainty over the life of the course or its viability such costs are written off as incurred as are design and content costs for websites that are for the general use of the University and its staff.

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

- Unrestricted permanent endowments - 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 - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

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

Donations for fixed assets

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

Gifts in kind, including donated tangible fixed assets

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

Pension Costs

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) for academic staff, the North Yorkshire County Council Superannuation Fund (NYCCSF) for non-academic staff, and the Church of England Pensions Board for the Chaplain. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS and the Church of England Scheme are charged to the Income and Expenditure Account so as to spread the cost of pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the NYCCSF are measured using closing market values. NYCCSF liabilities are measured using the projected unit method and discounted at the redemption yield on the iBoxx Sterling AA corporate bond over 15 years index. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the Statement of Recognised Gains & Losses.

Enhanced pensions

The actual cost of certain enhanced on-going pensions to former members of staff is being paid by the University annually. An estimate of the change in expected future cost of these enhancements was charged in full to the income and expenditure account in the past. The provision for these costs is adjusted annually. In these accounts the provision has been calculated using the enhanced pensions spreadsheet provided by the Skills Funding Agency (SFA) (formerly the Learning and Skills Council).

Provisions

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

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

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios:

- possible rather than a present obligation;
- a possible rather than a probable outflow of economic benefits;
- an inability to measure the economic outflow.

Contingent assets

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

**Consolidated Income and Expenditure Account for the year ended 31st July
 2012**

	Note	2011/12 £ 000	2010/11 £ 000
INCOME			
Funding Council grants	1	15,185	16,266
Tuition fees and education contracts	2	19,803	18,460
Research grants and contracts	3	120	154
Other income	4	9,324	9,053
Endowment and investment income	5	80	70
TOTAL INCOME		44,512	44,003
EXPENDITURE			
Staff costs	6	23,979	23,481
Other operating expenses	8	15,813	15,287
Depreciation	12	2,401	2,260
Interest and other finance costs	9	1,221	1,226
TOTAL EXPENDITURE	10	43,414	42,254
Operating surplus after depreciation of assets		1,098	1,749
Loss on disposal of assets		(35)	-
Surplus after depreciation of assets at valuation, and disposal of assets, but before taxation		1,063	1,749
Taxation	11	(2)	-
Surplus after depreciation of assets at valuation, disposal of assets, and taxation		1,061	1,749
Surplus / (deficit) for the year transferred to accumulated income in endowment funds	20	135	(14)
Surplus for the year retained within general reserves	21	1,196	1,735

The consolidated income and expenditure account of the University and its subsidiary relates wholly to continuing operations. The subsidiary commenced trading in December 2011.

On 1st August 2011 the activities shown above were transferred to the company from the trust formerly known as York St John University. The company then changed its name to York St John University, and the trust ceased to trade (See note 32).

Consolidated Statement of Historical Cost Surplus and Deficits

	Note	2011/12 £ 000	2010/11 £ 000
Surplus on continuing operations before taxation		1,063	1,749
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	209	142
Historical cost surplus before taxation		1,272	1,891
Taxation	11	(2)	-
Historical cost surplus after taxation		<u>1,270</u>	<u>1,891</u>

Consolidated Statement of Total Recognised Gains and Losses

	Note	2011/12 £ 000	2010/11 £ 000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and taxation		1,061	1,749
Unrealised surplus on revaluation of fixed assets		-	5,061
New Endowments	20	103	180
Actuarial (loss) / gain in respect of pension scheme	29	(3,276)	416
Total recognised (loss) / gains relating to the year		<u>(2,112)</u>	<u>7,406</u>

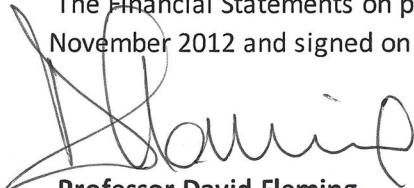
Consolidated Reconciliation of Opening & Closing Reserves for the Year Ended 31st July 2012

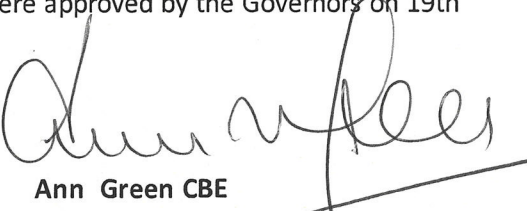
	Note	2011/12 £ 000	2010/11 £ 000
Opening reserves and endowments			
Endowments	20	424	230
Income & expenditure	21	27,069	24,776
Revaluation reserve	22	23,731	18,812
		51,224	43,818
Total recognised gains for the year		<u>(2,112)</u>	<u>7,406</u>
		<u>49,112</u>	<u>51,224</u>
Closing reserves and endowments			
Endowments	20	392	424
Income & expenditure	21	25,198	27,069
Revaluation reserve	22	23,522	23,731
		<u>49,112</u>	<u>51,224</u>

Balance Sheets as at 31st July 2012

	Note	Group		University	
		2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Fixed assets					
Tangible assets	12	81,739	80,885	81,739	80,885
Investments	13	-	-	-	-
		<u>81,739</u>	<u>80,885</u>	<u>81,739</u>	<u>80,885</u>
Endowment assets	14	392	424	392	424
Current assets					
Stocks		28	28	28	28
Debtors due within one year	15	3,427	3,741	3,480	3,741
Debtors due after more than one year	15	-	39	-	39
Investments - short term deposits		6,055	4,895	6,055	4,895
Cash at bank and in hand		5,254	6,437	5,137	6,437
		<u>14,764</u>	<u>15,140</u>	<u>14,700</u>	<u>15,140</u>
Creditors: amounts falling due within one year	16	(5,273)	(5,352)	(5,212)	(5,352)
Net current assets		<u>9,491</u>	<u>9,788</u>	<u>9,488</u>	<u>9,788</u>
Total assets less current liabilities		<u>91,622</u>	<u>91,097</u>	<u>91,619</u>	<u>91,097</u>
Creditors: amounts falling due after more than one year	17	(12,932)	(13,324)	(12,932)	(13,324)
Provisions for liabilities and charges	18	(811)	(901)	(811)	(901)
Net assets excluding pension liability		<u>77,879</u>	<u>76,872</u>	<u>77,876</u>	<u>76,872</u>
Net pension liability	29	(15,789)	(11,963)	(15,789)	(11,963)
NET ASSETS		<u>62,090</u>	<u>64,909</u>	<u>62,087</u>	<u>64,909</u>
Deferred capital grants	19	<u>12,978</u>	<u>13,685</u>	<u>12,978</u>	<u>13,685</u>
Endowments					
Restricted expendable	20	349	381	349	381
Restricted permanent	20	43	43	43	43
		<u>392</u>	<u>424</u>	<u>392</u>	<u>424</u>
Reserves					
Income and expenditure account excluding pension reserve	21	40,987	39,032	40,984	39,032
Pension reserve	29	(15,789)	(11,963)	(15,789)	(11,963)
Income and expenditure account including pension reserve	21	25,198	27,069	25,195	27,069
Revaluation reserve	22	23,522	23,731	23,522	23,731
		<u>48,720</u>	<u>50,800</u>	<u>48,717</u>	<u>50,800</u>
TOTAL FUNDS		<u>62,090</u>	<u>64,909</u>	<u>62,087</u>	<u>64,909</u>

The Financial Statements on pages 23 to 49 were approved by the Governors on 19th November 2012 and signed on their behalf by:


Professor David Fleming
Vice Chancellor


Ann Green CBE
Chairman of the Governing Body

Consolidated Cash Flow Statement

	Note	2011/12 £ 000	2010/11 £ 000
Net cash inflow from operating activities	24	4,051	2,678
Returns on investments and servicing of finance	25	(665)	(679)
Taxation	11	-	-
Capital expenditure and financial investment	26	(3,131)	(69)
Management of liquid resources		(1,160)	(817)
Financing	27	(317)	409
(Decrease) / increase in cash		<u>(1,222)</u>	<u>1,522</u>

Consolidated Reconciliation of Net Cash Flow Movement in Net (Debt) / Funds

	Note	2011/12 £ 000	2010/11 £ 000
(Decrease) / increase in cash in the year		(1,222)	1,522
Increase in short term deposits		1,160	817
Decrease / (increase) in debt	27	317	(409)
Decrease in net debt		<u>255</u>	<u>1,930</u>
Net debt at 1st August 2011 / 2010	27	<u>(1,656)</u>	<u>(3,586)</u>
Net debt at 31st July 2012 / 2011	27	<u>(1,401)</u>	<u>(1,656)</u>

Notes to the Financial Statements

1 Funding Council grants

	2011/12		2010/11	
	HEFCE £ 000	TA £ 000	Total £ 000	Total £ 000
Recurrent grant	10,125	3,348	13,473	13,843
Specific grants	958	34	992	1,737
Deferred capital grants:				
Buildings (note 19)	249	-	249	245
Equipment (note 19)	471	-	471	441
	<u>11,803</u>	<u>3,382</u>	<u>15,185</u>	<u>16,266</u>

2 Tuition fees and education contracts

	2011/12 £ 000	2010/11 £ 000
Home full-time students	12,059	10,935
Overseas students	2,909	2,855
Part-time students	731	760
Short course fees	484	419
Occupational therapy and physiotherapy students	3,620	3,491
	<u>19,803</u>	<u>18,460</u>

3 Research grants and contracts

	2011/12 £ 000	2010/11 £ 000
Research councils and charities	91	147
Industry and commerce	-	1
Governmental	29	6
	<u>120</u>	<u>154</u>

4 Other income

	2011/12 £ 000	2010/11 £ 000
Residences, catering and conferences	7,196	6,838
Releases from deferred capital grants, non Funding Council (note 19)	43	43
Other income	2,085	2,172
	<u>9,324</u>	<u>9,053</u>

5 Endowment and investment income

	2011/12 £ 000	2010/11 £ 000
Income from expendable endowments	2	2
Other interest received	78	68
	<u>80</u>	<u>70</u>

6 Staff costs	2011/12	2010/11
	£ 000	£ 000
Wages and salaries	19,670	19,372
Social security	1,424	1,401
Other pension costs (including FRS 17 adjustments, note 29)	2,885	2,708
	<u>23,979</u>	<u>23,481</u>

Average weekly number of persons employed by the University during the period, expressed as full time equivalents:

	Number	Number
Academic faculties	292	295
Academic services	46	47
Administration and central services	137	132
Premises	63	60
Residence and catering	19	18
	<u>557</u>	<u>552</u>

7 Higher paid employees

The emoluments of the Vice Chancellor during the year were:

	2011/12	2010/11
	£ 000	£ 000
Salary	183	171
Standard Rated employers pension costs	25	24
	<u>208</u>	<u>195</u>

No other director received any remuneration.

Remuneration (excluding pension contributions) of higher paid staff, excluding the Vice Chancellor (whose remuneration is disclosed above):

£100,000 - £110,000	<u>1</u>	<u>1</u>
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	2011/12 £ 000	2010/11 £ 000
8 Other operating expenses		
Other operating expenses include:		
External auditors remuneration in respect of audit services:		
University	37	36
Subsidiary	6	-
External auditors remuneration in respect of non-audit services:		
University	7	6
Subsidiary	3	-
Internal auditors	36	36
Operating lease rentals		
Land and buildings	2,695	2,472
Other	86	74
9 Interest and other finance costs	2011/12	2010/11
	£ 000	£ 000
Loans repayable in the year	-	-
Repayable wholly or partly in more than five years	745	749
Net charge on pension scheme (note 29)	476	477
	<u>1,221</u>	<u>1,226</u>
10 Analysis of expenditure by activity	2011/12	2010/11
	£ 000	£ 000
Academic departments	20,145	18,789
Academic services	3,679	3,265
Premises	5,959	5,855
Residences, catering and conferences	5,786	5,912
Research grants and contracts	120	33
Administration and central services	3,310	4,009
General educational expenditure	2,664	2,847
Staff and student facilities	1,751	1,544
	<u>43,414</u>	<u>42,254</u>
The figures for 2010/11 have been re-analysed to improve comparability.		
11 Taxation (Group only)		
The Governing Body do not believe that the University is liable for any corporation tax arising out of its activities during the period.		
	2011/12	2010/11
	£0	£ 000
UK corporation tax	-	-
Overseas taxation	2	-
	<u>2</u>	<u>-</u>
Tax paid in the year	<u>-</u>	<u>-</u>

12 Tangible fixed assets (University and Group)

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Computers	Equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Valuation/Cost						
At 1st August 2011						
Valuation	77,649	-	-	-	-	77,649
Cost	-	39	2,381	2,456	2,136	7,012
Additions at cost	2,249	-	127	290	629	3,295
Surplus on revaluation	-	-	-	-	-	-
Disposals	-	-	(217)	(372)	-	(589)
At 31st July 2012						
Valuation	79,898	-	-	-	-	79,898
Cost	-	39	2,291	2,374	2,765	7,469
	<u>79,898</u>	<u>39</u>	<u>2,291</u>	<u>2,374</u>	<u>2,765</u>	<u>87,367</u>
Depreciation						
At 1st August 2011						
	-	38	1,240	1,210	1,288	3,776
Charge for Year	1,419	1	224	395	362	2,401
Written back on revaluation	-	-	-	-	-	-
Disposals	-	-	(177)	(372)	-	(549)
Depreciation at 31st July 2012	<u>1,419</u>	<u>39</u>	<u>1,287</u>	<u>1,233</u>	<u>1,650</u>	<u>5,628</u>
Net book value						
At 31st July 2012						
	<u>78,479</u>	<u>-</u>	<u>1,004</u>	<u>1,141</u>	<u>1,115</u>	<u>81,739</u>
At 1st August 2011						
	<u>77,649</u>	<u>1</u>	<u>1,141</u>	<u>1,246</u>	<u>848</u>	<u>80,885</u>
Financed by:						
Capital grant	11,764	-	112	742	360	12,978
Other	66,715	-	892	399	755	68,761
Net book value at 31st July 2012	<u>78,479</u>	<u>-</u>	<u>1,004</u>	<u>1,141</u>	<u>1,115</u>	<u>81,739</u>

The University is in discussion with the Charity Commission to establish the extent of the permanent endowment which may have been established through historic reorganisations within the education sector. It is expected that this issue will be resolved over the course of the next year.

Included in freehold buildings are the following assets in the course of construction which were not depreciated during the year:

	2012 £ 000	2011 £ 000
Freehold buildings	229	307

12 Tangible fixed assets (continued)

Buildings were revalued on an existing use basis by an independent Chartered Surveyor, Nigel Taylor FRICS of Taylor York Commercial Limited on 16th July 2011, in accordance with the RICS Appraisal and Valuation Manual.

The valuation was undertaken on the Depreciated Replacement Cost method of valuation in respect of Specialised Property and the Market Value method of valuation in respect of the remainder.

Specialised Property is rarely if ever sold in the market, except by way of sale of the entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location and otherwise.

The Depreciated Replacement Cost method of valuation is defined as the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

The next full valuation is due in July 2016, with an interim valuation in July 2014. The Governing Body is not aware of any material change in the value and therefore the valuations have not been updated.

The revalued buildings include notionally directly attributable acquisition costs of £8.3m (2011: £8.3m) relating to irrecoverable VAT.

The historical cost of assets held at valuation is £66.1m (2011: £64.8m).

The exchequer interest in fixed assets is £8.7m (2011: £9.9m).

13 Investments (University and Group)

	2012	2011
	£ 000	£ 000
UK unlisted shares	-	-
UK fixed interest and equities at cost	-	-

The University has a wholly owned subsidiary in Malaysia, York SJ SDN BHD. This company co-ordinates student recruitment in the Far East, and commenced activities in December 2011. The University owns 2 shares of 1 MYR each, which translates to an investment of approximately 40p.

York S J SDN BHD owns all the share capital of Nusantara Canggih Solutions SDN BHD which operates in the People's Republic of China. There are 11,470 shares of 1 MYR each, which translates to an investment of £2,345.

14 Endowment assets (University and Group)

	2012 £ 000	2011 £ 000
Balance at 1st August 2011	424	230
New endowments invested	103	180
Increase / (decrease) in debtor balances held for endowment funds	7	(2)
(Decrease) / increase in cash balances held for endowment funds	(142)	16
	<u>392</u>	<u>424</u>
Represented by:		
Cash	382	421
Debtors	10	3

15 Debtors

	Group		University	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Amounts falling due within one year:				
Debtors	2,161	2,247	2,161	2,247
Subsidiary Company: York SJ SDN BHD	-	-	53	-
Prepayments and accrued income	1,266	1,494	1,266	1,494
	<u>3,427</u>	<u>3,741</u>	<u>3,480</u>	<u>3,741</u>
Amounts falling due after one year:				
Prepayments and accrued income	-	39	-	39

16 Creditors: amounts falling due within one year

	Group		University	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Unsecured loans	470	416	470	416
Trade creditors	1,490	1,356	1,490	1,356
Social security and other taxation payable	922	524	920	524
Accruals and deferred income	2,391	3,056	2,332	3,056
	<u>5,273</u>	<u>5,352</u>	<u>5,212</u>	<u>5,352</u>

17 Creditors: amounts falling due after more than one year (University and Group)

	2012 £ 000	2011 £ 000
Unsecured loans:		
Amounts repayable in:		
1 to 2 years	489	442
2 to 5 years	1,250	1,263
More than 5 years	10,883	11,288
Deferred income	310	331
	<u>12,932</u>	<u>13,324</u>

Deferred income represents a lease premium being released over the life of the agreement.

The 25 year loan of £13 million is at a fixed rate of 5.73%, and is unsecured.

18 Provisions for liabilities and charges (University and Group)

	Enhanced pensions £ 000	Other Provisions £ 000	Total £ 000
At 1st August 2011	727	174	901
Movement of provision in the year	(3)	(87)	(90)
Balance at 31st July 2012	<u>724</u>	<u>87</u>	<u>811</u>

Other provisions represents the estimated cost of VAT under the capital goods scheme following the settlement of the library scheme with HM Revenue & Customs in 2008. This liability will be paid over the period to 2013.

19 Deferred capital grants (University and Group)

	Buildings £ 000	Fixtures and Fittings, Computers and Equipment £ 000	Total £ 000
Balance at 1st August 2011	11,960	1,725	13,685
Received in year	56	-	56
Transferred to Income & Expenditure account	(252)	(511)	(763)
Balance at 31st July 2012	<u>11,764</u>	<u>1,214</u>	<u>12,978</u>
Capital grants were provided by:	£ 000	£ 000	£ 000
Higher Education Funding Council for England	11,665	1,111	12,776
National Health Service	-	103	103
Students' Union	99	-	99
	<u>11,764</u>	<u>1,214</u>	<u>12,978</u>

20 Endowments (University and Group)

Restricted endowments

	Permanent £ 000	Expendable £ 000	2012 Total £ 000	2011 Total £ 000
Balances brought forward				
Capital	35	186	221	221
Accumulated income	8	195	203	9
	<u>43</u>	<u>381</u>	<u>424</u>	<u>230</u>
New endowments	-	103	103	180
Investment income	-	2	2	2
Expenditure	-	(137)	(137)	12
Balances carried forward	<u>43</u>	<u>349</u>	<u>392</u>	<u>424</u>
Represented by				
Capital	35	257	292	221
Accumulated income	8	92	100	203
Balances carried forward	<u>43</u>	<u>349</u>	<u>392</u>	<u>424</u>

The University is in discussion with the Charity Commission to establish the extent of the permanent endowment relating to land and buildings. It is expected that this issue will be resolved over the course of the next year. At present it is not possible to estimate the expected outcome.

21 Income and expenditure account reserve

	2012 Group £ 000	2011 Group £ 000	2012 University £ 000	2011 University £ 000
Balances brought forward	27,069	24,776	27,069	24,776
Surplus for the year	1,196	1,735	1,193	1,735
Actuarial (loss) / gain in respect of pension scheme	(3,276)	416	(3,276)	416
Release from revaluation reserve	209	142	209	142
Balances carried forward	<u>25,198</u>	<u>27,069</u>	<u>25,195</u>	<u>27,069</u>
Balance represented by:				
Income and expenditure account	40,987	39,032	40,984	39,032
Pension reserve	(15,789)	(11,963)	(15,789)	(11,963)
	<u>25,198</u>	<u>27,069</u>	<u>25,195</u>	<u>27,069</u>
Surplus for the year is analysed as follows:				
University's surplus for the period	1,193	1,735		
Surplus retained by subsidiary	3	-		
	<u>1,196</u>	<u>1,735</u>		

22 Revaluation reserve (University and Group)

	2012 £ 000	2011 £ 000
Revaluations		
At 1st August 2011	23,731	18,812
Add: Revaluation in the year	-	2,292
Add: Cumulative depreciation written back on revaluation	-	2,769
Less: Contribution to depreciation for the year	(209)	(142)
At 31st July 2012	<u>23,522</u>	<u>23,731</u>

23 Capital commitments (University and Group)

	2012 £ 000	2011 £ 000
Commitments Contracted	<u>1,311</u>	<u>716</u>

Capital commitments include a major refurbishment of residences and improvements to the new sports park at Haxby Road.

24 Reconciliation of operating surplus to net cash flow from operating activities

	2012 £ 000	2011 £ 000
Surplus before tax on continuing operations after depreciation of assets at valuation or cost and disposal of assets	1,063	1,749
Depreciation	2,401	2,260
Deferred capital grants released	(763)	(729)
Endowment and investment income	(80)	(70)
Loss on disposal of assets	35	-
Interest payable	745	749
Pension costs less contributions payable (notes 6, 8, and 29)	550	656
Decrease / (increase) in debtors	346	(246)
Decrease in creditors	(156)	(1,593)
Decrease in provisions	(90)	(98)
Net cash inflow from operating activities	<u>4,051</u>	<u>2,678</u>

25 Returns on investments and servicing of finance

	2012 £ 000	2011 £ 000
Income from expendable endowments	2	2
Other interest received	78	68
Interest paid	(745)	(749)
	<u>(665)</u>	<u>(679)</u>

26 Capital expenditure and financial investment

	2012 £ 000	2011 £ 000
Tangible assets acquired	(3,295)	(2,493)
Receipts from Sale of Assets and investments	5	-
New endowments received	103	180
Deferred capital grants received	56	712
Deferred capital grants transferred from creditors	-	1,532
	<u>(3,131)</u>	<u>(69)</u>

27 Financing

	2012 £ 000	2011 £ 000
Mortgages and loans		
Balance At 1st August 2011	<u>13,409</u>	<u>13,000</u>
New loans	114	468
Capital repayments	(431)	(59)
	<u>(317)</u>	<u>409</u>
Balance at 31st July 2012	<u>13,092</u>	<u>13,409</u>

During the year £114k was received under the SALIX scheme. This interest free unsecured loan is repayable up to September 2015.

	At 1st August 2011 £ 000	Cash flow £ 000	Other changes £ 000	At 31st July 2012 £ 000
Endowment cash	421	(39)	-	382
Cash at bank and in hand	6,437	(1,183)	-	5,254
Short term deposits	4,895	1,160	-	6,055
Debt due within one year	(416)	431	(485)	(470)
Debt due after one year	(12,993)	(114)	485	(12,622)
	<u>(1,656)</u>	<u>255</u>	<u>-</u>	<u>(1,401)</u>

28 Operating lease commitments

Commitments on operating leases can be analysed as follows:

	2012			2011		
	Buildings £ 000	Equipment £ 000	Total £ 000	Buildings £ 000	Equipment £ 000	Total £ 000
Commitments expiring:						
Within one year	-	-	-	-	-	-
2-5 years	-	5	5	-	5	5
After 5 years	2,695	-	2,695	1,632	-	1,632
	<u>2,695</u>	<u>5</u>	<u>2,700</u>	<u>1,632</u>	<u>5</u>	<u>1,637</u>

29 Pensions

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff, the North Yorkshire County Council Superannuation Fund for non-academic staff, and the Church of England Pensions Board for the Chaplain. These are all independently administered schemes.

The contribution of the University as a percentage of pensionable salaries is:

- 14.1% for academic staff
- 16.6% for non academic staff

	2012 £ 000	2011 £ 000
Total pension costs included in staff costs for the year		
Teachers Pension Scheme: contributions paid	1,329	1,322
Church of England Pension Scheme: contributions paid	8	2
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account (note 29 a iii)	1,509	1,338
Enhanced pension charged to the Income & Expenditure	39	46
	<u>2,885</u>	<u>2,708</u>

Due to the mutual nature of the schemes it is not possible to identify each institutions' share of the underlying liabilities and assets of the Teachers' Superannuation Scheme for academic staff and the Church of England Pensions Board for the Chaplain. Under FRS 17 contributions to each scheme are to be accounted for as if both were defined contribution schemes.

29a North Yorkshire County Council Superannuation Fund: non academic staff

i) The 2011 valuation

The North Yorkshire County Council Superannuation Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The 2011 valuation was based on the following assumptions:

	Per annum 2011	Per annum 2007
Investment returns pre retirement	7.0%	6.4%
Investment returns post retirement	5.50%	4.90%
Rate of salary increase	4.75%	4.85%
Rate of increase of present and future pensions	3.00%	3.10%

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)

i) The 2011 valuation (continued)

The actuarial valuation showed the market value of the scheme's assets was £1,344.6 million (2007: £1,235.7 million) and that the actuarial value of these assets represented 67.1% (2007: 67.8%) of the past service benefits that has accrued to members after allowing for expected increases in earnings.

ii) FRS 17 valuation as at 31st July 2012

Under the definitions set out in FRS 17, the North Yorkshire County Council Scheme is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of the fund's assets and liabilities for non-academic staff as at 31st July 2012.

It is based upon a full actuarial valuation of the Fund at 31 March 2011 updated to 31st July 2012 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31st July 2012.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

The actuarial assumptions made for this valuation were:

		Start of the year	End of the year
Rate of inflation		2.90%	2.10%
Rate of increases in salaries		4.65%	3.85%
Rate of increases in pensions		2.90%	2.10%
Discount rate		5.30%	4.30%
Retired today	Males	22.1	22.5
	Females	24.7	25.2
Retiring in 20 years	Males	23.5	24.3
	Females	26.3	27.2

The assets in the scheme and the expected rates of return were:

	Long- term rate of return at 31st July 2012	Value at 31st July 2012	Long-term rate of return at 31st July 2011	Value at 31st July 2011	Long-term rate of return at 31st July 2010	Value at 31st July 2010
		£000		£000		£000
Equities	7.00%	17,106	7.00%	17,635	7.50%	14,401
Government Bonds	2.50%	2,983	3.90%	2,656	4.20%	1,895
Other Bonds	3.40%	3,176	4.90%	2,819	5.10%	2,312
Cash	0.50%	217	0.50%	186	0.50%	341
Property	6.00%	577	6.00%	-	N/A	-
Total Market Value of assets		24,059		23,296		18,949
Liabilities		(39,848)		(35,259)		(30,672)
Deficit		(15,789)		(11,963)		(11,723)

The market value of total fund assets at 30th June 2012 was £1,518 millions (£1,527 millions as at 31st July 2011).

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)
iii) The results of the FRS 17 valuation at 31st July 2012, included in the Financial Statements
Charge to Income & Expenditure account

	2012	2011
	£ 000	£ 000
Current Service cost	1,262	1,227
Curtailment cost	27	111
	<u>1,289</u>	<u>1,338</u>
Provision for pension cost of restructuring	220	-
Staff costs	<u><u>1,509</u></u>	<u><u>1,338</u></u>
	£ 000	£ 000
Pension finance income / (costs):		
Expected return on pension scheme assets	(1,414)	(1,233)
Interest on pension liabilities	1,890	1,710
Interest payable	<u><u>476</u></u>	<u><u>477</u></u>

Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	£ 000	£ 000
Actuarial losses / (gains) on pension scheme assets	1,414	(2,353)
Actuarial losses on pension scheme liabilities	1,862	1,937
Actuarial losses / (gains) recognised in STRGL	<u><u>3,276</u></u>	<u><u>(416)</u></u>

Movement in deficit during the year

	2012	2011
	£ 000	£ 000
Deficit in the scheme at 1st August 2011	11,963	11,723
Current service cost	1,262	1,227
Employer contributions	(1,215)	(1,159)
Curtailment costs	27	111
Net interest / return on assets	476	477
Actuarial loss / (gain)	3,276	(416)
Deficit in the scheme at 31st July 2012	<u><u>15,789</u></u>	<u><u>11,963</u></u>

Analysis of the movement in the present value of the scheme liabilities

	£ 000	£ 000
At beginning of the year	35,259	30,672
Current service cost	1,262	1,227
Interest cost	1,890	1,710
Contributions by scheme participants	456	441
Actuarial gains and losses	1,862	1,937
Benefits paid	(908)	(839)
Curtailments	27	111
At end of the year	<u><u>39,848</u></u>	<u><u>35,259</u></u>

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)
iii) The results of the FRS 17 valuation at 31st July 2012, included in the Financial Statements (continued)

	2012	2011
	£ 000	£ 000
Analysis of movement in the market value of the scheme assets		
At beginning of the year	23,296	18,949
Expected rate of return on scheme assets	1,414	1,233
Actuarial gains and losses	(1,414)	2,353
Contribution by the employer	1,215	1,159
Contributions by scheme participants	456	441
Benefits paid	(908)	(839)
At end of the year	24,059	23,296

iv) North Yorkshire County Council Superannuation Fund: History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on assets:	1,414	(2,353)	(1,805)	4,403	(3,538)
Percentage of scheme assets	5.88%	(10.10%)	(9.53%)	26.02%	(20.24%)
Experience gains and losses arising on the scheme liabilities	-	754	-	-	-
Percentage of scheme liabilities	0.00%	2.10%	0.00%	0.00%	0.00%
Total amount recognised in STRGL	3,276	(416)	(2,197)	1,274	(6,087)
Percentage of scheme liabilities	8.22%	(1.18%)	(7.16%)	4.46%	(21.44%)

29b The Teachers' Pension Scheme

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary aided schools, and to teachers and lecturers in establishments of Further and Higher Education.

Membership is automatic for full-time teachers and lecturers and from 1st January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

29b The Teachers' Pension Scheme (continued)

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) of pension contributions is assessed in two parts.

- First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service.
- Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The GA's report in the Annual Accounts of the Teachers' Pension Scheme for 2011-12 is based on an assessment as at 31st March 2008, with an approximate updating to 31st March 2012 to reflect known changes. The total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £176,500 million at 31st March 2008 and £200,600 million at 31st March 2012. The assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 4.25%.

As from 1st January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives:

- The standard contribution has been assessed at 19.75%, plus
- a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years).

That is a SCR of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time from the 2008 valuation - a 14% cap on employer contributions payable.

30a Access grants

The University administers an Access Fund provided by the Higher Education Funding Council for England by awarding grants to students experiencing severe financial hardship.

	2011/12 £ 000	2010/11 £ 000
Income received	94	219
Interest added	-	-
	<u>94</u>	<u>219</u>
Disbursements	<u>93</u>	<u>150</u>

30b TA training bursaries

The University administers Training Bursaries on behalf of the Teaching Agency (TA).

	2011/12 £ 000	2010/11 £ 000
Income received	<u>217</u>	<u>948</u>
Disbursements	<u>217</u>	<u>948</u>

31 Related party transactions

The University made a grant to the York St John Students' Union of £241,006 (2011: £218,840).

The Governors and their connected persons have received no remuneration during the year. Due to the nature of the University's operations and the composition of the Governing Body (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Material transactions and balances were:

	Debtor / (Creditor) at 31st July		Income		Expenditure	
	2012 £	2011 £	2011/12 £	2010/11 £	2011/12 £	2010/11 £
University of Leeds	-	-	-	-	26,448	45,742
Science City York	-	100,000	-	101,798	91,667	63,630
Diocese of York	-	-	-	-	19,353	19,822
UCAS	-	-	-	-	67,457	46,378
Yorkshire Universities	-	-	-	-	-	11,620
City of York Council	(55,054)	-	-	101,798	174,610	63,630

32 Business reorganisation

Until 31st July 2011 the University was an unincorporated charitable trust with a corporate trustee, York St John Endowment (the Company) which is a charitable company limited by guarantee (registered in England and Wales number 4498683, charity registration number 1098356).

On 1st August 2011:

- the Company took over the assets and activities of the University, and the trust that had been running the University until 31st July 2011 became dormant.
- the Company changed its name to York St John University, and the trust changed its name to York St John Trust.
- both entities became exempt charities, regulated by the Higher Education Funding Council for England.

These changes have been made to modernise and simplify the operations of the University, adopting current best practice in the sector. Consequently this is the first year the company has operated as a University. Merger Accounting has been used in these Financial Statements to reflect the business reorganisation.

Due to the application of merger accounting the results & cash flows, assets and liabilities of the two entities have been combined from the financial year in which the combination occurred (2011/12). Corresponding balances have been incorporated to include the results, cash flow, assets & liabilities for the prior year.

The resulting Financial Statements of the University reflect the full University's operations since 1st August 2010 as if trading had been undertaken within the company from this date.

33 Going Concern

The University has considerable financial resources together with steady growth in student numbers. There are well established processes in place to plan for the future, monitor progress against targets and manage risks. As a consequence, the directors believe that the University is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the Going Concern basis in preparing the Financial Statements.

Underpinning this view, the Directors' Report sets out University's:

- business activities,
 - the factors likely to affect its future development,
 - financial position, including the liquidity position,
 - objectives, policies and processes for managing its capital,
- its financial risk management objectives.

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