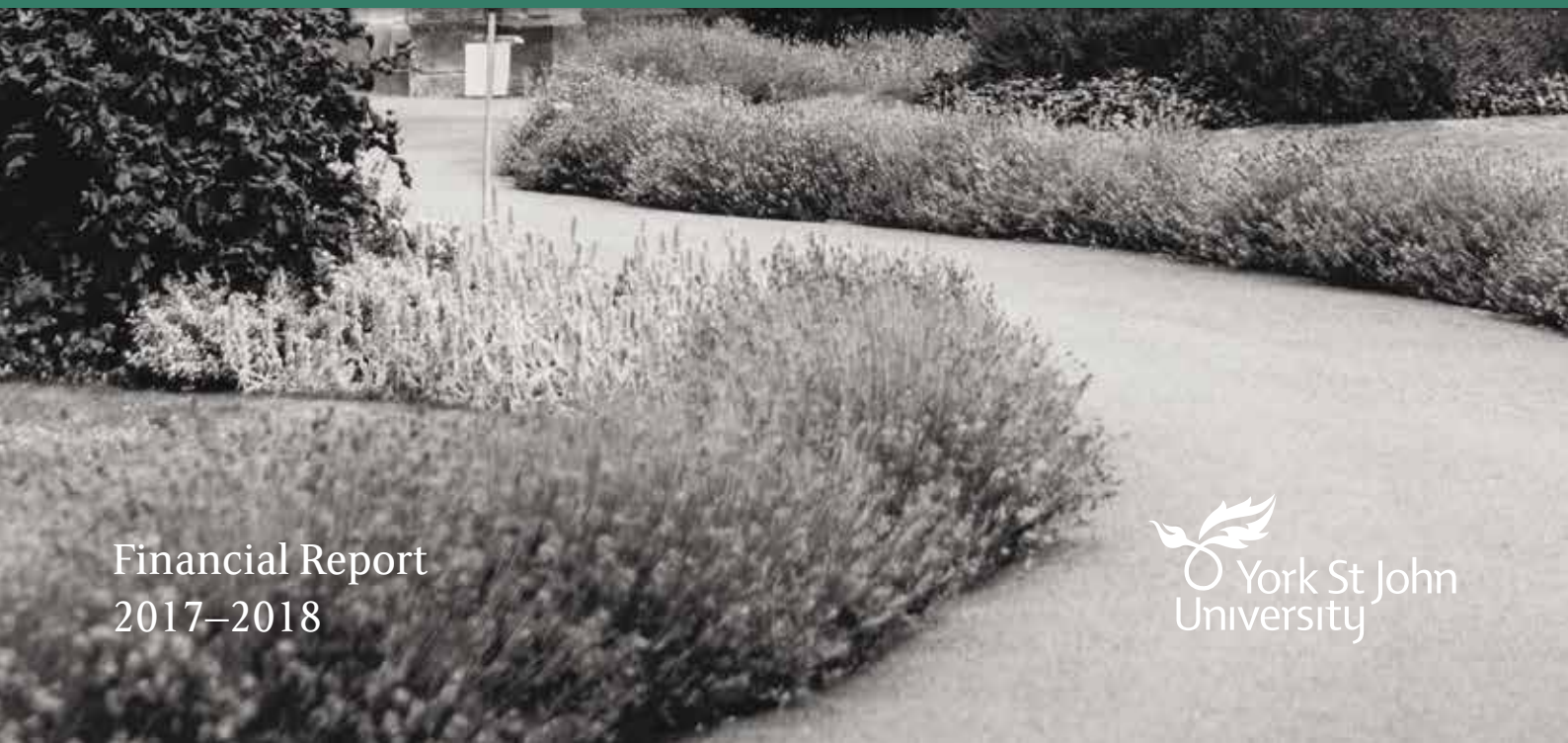




Financial Report 2017–2018



Financial Report
2017–2018



Financial Report



2017–2018



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Ann M Green CBE
Chairman and Pro Chancellor

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I would like to thank everybody helping to make York St John the ambitious, energetic and exciting institution that it is today – an institution responding positively to the challenges of a changing world.

Foreword from the Chairman and Pro Chancellor

York St John University has seen many proud and significant periods throughout its history. I believe that in years to come, we will look back on 2017 to 2018 as the start of one of those periods – a year in which exciting and strong foundations have been laid that make the university an ever more inspiring and impactful home for a 21st century education.

This year we have started turning more of our ambitions into actions. The University began 2017–18 setting out an intention to focus on three clear priorities: inspiring learning; impactful research; and helping our students to be clear about their career. Academic and professional services staff worked incredibly hard in each of these areas to achieve some fantastic outcomes. As a result, we have increased our standing and reputation on several key measures of success, including student satisfaction and graduate employability.

The University has also looked boldly to the future. Higher Education is a rapidly evolving sector. The onus is firmly on institutions to deliver a compelling offer to prospective students – one that simultaneously differentiates them and also gives students outstanding prospects.

Our work this year across four transformational projects: launching a new London campus to complement our offer in York; widening access to science, technology, engineering and maths (STEM) subjects; forging an exciting new partnership around a new mental health

hospital for the city; and planning for a new Creative Centre on campus as a hub for artistic activity – all greatly enhance our own offer and the quality and breadth of the experience we will provide to students in the years ahead.

Amidst this ambition, the University has wholeheartedly maintained its focus on the mission and purpose that has always defined it – widening access to education for people from all walks of life. During 2018, both our own analysis and that of external experts has highlighted how effectively we are achieving this, making us one of the leading institutions in the field. That is why it is especially pleasing that, even in a highly competitive market, the past year has been another very successful one for student recruitment at York St John – this enables us to use our academic expertise and supportive culture to make a genuinely life-changing difference to more people.

All of the above has been achieved whilst maintaining a responsible financial position and a clear plan for measured investment going forward.

Universities face uncertainty over their future funding and need to be highly strategic about the partnerships they pursue and new markets they develop within this context. I am pleased that the leadership team at York St John has been exploring these issues positively and proactively and I look forward to seeing more progress in the year ahead.

I feel a huge sense of pride in the work and commitment of staff and students at the University and the continuing efforts of our Governing Body to support them. I would like to thank everybody helping to make York St John the ambitious, energetic and exciting institution that it is today – an institution responding positively to the challenges of a changing world.



Ann M Green CBE
Chairman and Pro Chancellor
15 November 2018

Welcome from the Vice Chancellor

It is with great pleasure that I present to you York St John University's Annual Financial Report for the year 2017 to 2018. This institution's 177 year history is built on bringing out the best in those who choose to study with us – welcoming people from all walks of life who want to change their lives through the transformative power of education.

Over the past year, we have continued that tradition, but in learning from our past we have also looked to the future and signalled a step change in the ambition we have for the University.

The step change is about saying that where there is an opportunity to do something different, something remarkable, or something that this institution may not have thought it could do before – if we think it is the right thing for our staff and students – then we will make it happen. We do this wholeheartedly, considerably and with a bold, adventurous spirit that I increasingly see characterising the University.

It is in this spirit that you will read in this report about us doing things over the past year that York St John may not have thought possible before. For example, just as we have done with our successful new Law course, we are introducing and enhancing our courses in the fields of Science, Technology and Maths so that more people who may not have thought they could access those subjects at university, can do just that. We are building a partnership with the NHS provider of mental health services in York with the

potential to transform the way the city offers mental health support in the years ahead. We are opening a London campus – signalling to our students the multitude of possibilities we can create for them and showing partners across the world that we are ready to work together.

Bringing these ambitions to life is possible for three reasons. Firstly, the strong financial foundations we have laid in recent years. Through a combination of successful student recruitment and measured growth and investment we are well-placed to progress some game-changing projects. Secondly, clear strategic thinking. We have taken time to survey the sector, society and the market to identify projects that will make the greatest impact. Thirdly and most importantly – our people. Our staff have shown the willingness and desire over the past year to embrace change, try new things and explore possibilities – and I am extremely appreciative of their support.

We do all of this with a common motivation: we all want to do the very best for every student who chooses to study at York St John University. Over the past year we have seen multiple stories

of student success: inspiring new businesses launched; participation in the winter Paralympic Games; Royal Television Society Awards won; and a thoughtful, powerful campaign developed to raise awareness around sexual harassment and abuse. These examples are just the tip of the iceberg. Our students' potential inspires us to respond positively and proactively to the challenges of the world today. I hope this report will give you a sense of how we are doing that.

I encourage you to read this Financial Report alongside our 2018 Annual Report, which shares many more stories of success. I hope that together these reports will demonstrate that we are an institution building on our heritage to create an exciting future.



Professor Karen Stanton
Vice Chancellor
15 November 2018



Professor Karen Stanton
Vice Chancellor

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Where there is an opportunity to do something different, something remarkable, or something that this institution may not have thought it could do before... then we will make it happen.



Governors and Directors of the University

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



Ann M Green CBE

Member of the Church of England or a church in communion with it

Chairman of Governing Body (from 01/10/2011) and Chair of Governance and Nominations Committee

11/07/2011–31/07/2020*



Stephen Milner

Co-opted Governor

Deputy Chairman, Chair of Audit Committee, Chair of Remuneration Committee (to 18/06/2018)

19/11/2012–31/07/2021*



Mohammed Ali OBE

Co-opted Governor

06/07/2017–31/07/2020*



Jon Hammond Booth

Co-opted Governor

Chair of the People Committee

01/08/2013–31/07/2019*



Rt Revd Dr Tom Butler

Representative of the Lord Archbishop of York

Chair of the Foundation Committee

01/09/2012–31/07/2021*



Cath Clelland MBE

Co-opted Governor

01/08/2014–31/07/2020*



George Coombs

President of Students' Union, ex officio

01/07/2017–Current*



Russell Davidson

Co-opted Governor

01/08/2014–31/07/2020*



Dr Robert Edgar
Staff Governor (elected)

01/08/2015–31/07/2021*



Very Revd Vivienne Faulk
Diocesan Nominee

23/11/2017–21/05/2018*



Rt Revd Paul Ferguson
Nominee from the National Society Council

23/11/2017–31/07/2020*



Richard France
Co-opted Governor

Chair of Finance and Capital Development Committee and Chair of Remuneration Committee (from 19/06/2018)

19/11/2012–31/07/2021*



Revd John Hadjoannou
Diocesan Nominee

01/09/2009–31/07/2018*



Prof Graham Henderson CBE DL
Co-opted Governor

01/01/2016–31/07/2021*



Maggie Pavlou
Co-opted Governor

01/09/2013–31/07/2019*



Prof Karen Stanton
Vice Chancellor, ex officio

01/09/2015–Current*



Ian Wallace
Member of the Church of England or a church in communion with it

01/08/2013–31/07/2019*

As required by the Charities Act, the Governors and Directors were the Charitable Trustees.

*Current term of office



The University

For over 175 years, York St John University has been educating people from all backgrounds in the heart of the historic city of York. Originally established in 1841 as one of two Anglican teacher training colleges, the institution gradually expanded its course portfolio from the mid-20th century onwards, before achieving University status in 2006.

Today, around 6,700 students from more than 100 countries, alongside 850 staff, make up a thriving learning and research community. The University's nine Academic Schools offer a broad portfolio of undergraduate and postgraduate courses that range from Law to Languages and Business to the Arts. The University is gradually expanding into new markets, including an enhanced portfolio of professional and personal development opportunities and Degree Apprenticeships. A growing research portfolio has a strong emphasis on themes of social justice and community impact.

The University has maintained a strong performance on undergraduate recruitment for three consecutive years, achieved in part by the strategic diversification of its portfolio. That success has enabled strategic investment in a number of initiatives that will give the University a platform for the next phase of its development: significantly enhancing its postgraduate offer; developing new strategic partnerships and further modernising its digital infrastructure and campus.

Investment in both the campus and student experience have been important features of recent years. Over £42 million has been spent in the last five years to provide the University with a new Students' Union, enhanced teaching space and a state-of-the-art 57-acre sports facility less than a mile from the main campus, which is also serving as an important community resource.

Throughout this gradual expansion and enhancement, York St John has stayed true to the core values and ethos that it was founded upon – promoting fairness and social justice, increasing access to education and making a meaningful impact in the community. The University has one of the leading records in the country for widening access to higher education and has active plans to develop this agenda further through its student recruitment, admissions and partnership work.

The University is approaching the conclusion of its current strategic plan and can reflect on considerable success in this period: 175 years in York have been celebrated; student recruitment has grown significantly; the University is building its reputation amongst its more established partners and in new areas of influence and research. Looking ahead, the institution now plans to launch a new Strategy that projects to its 20th Anniversary as a University in 2026. This Strategy will be particularly cognisant of the many changes and influences in the UK Higher Education sector at present, which include potential changes to funding, new regulation and a volatile political environment.

The 2026 Strategy draws on the very human principles and purpose that have always guided the University, but applies these to a 21st century context. It sets York St John on a path of measured growth and development that make this an exciting time for the University and the partners working with it.

Company Information

York St John University is a company limited by guarantee with exempt charitable status (registered in England and Wales, number 4498683)

Corporate Office

Lord Mayor's Walk
York
YO3 1 7EX

Bankers

Barclays Bank PLC
Parliament Street
York
YO1 1XD

External Auditors

KPMG LLP Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Internal Auditors

RSM Risk Assurance Services LLP
Suite A
7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

Charity Status and Public Benefits

York St John University is a company limited by guarantee and an exempt charity under the terms of the Charities Act 2011 and is regulated by the Office for Students.

The Charity Commission gives clear guidance on the reporting of public benefit and in determining the University's objectives and activities; the Governing Body has complied with the Commission's guidance and in particular the supplemental guidance on the advancement of education (our primary objective as defined in our Instrument of Government).

Public benefit forms an integral part of all our activities and is embedded in our key strategic aims. The principal beneficiaries of the University's services are our students and our community.

Our student intake in September 2017 included 2,122 undergraduate and 157 full-time PGCE students eligible for full state support. A significant proportion of our intake comes from students from less-advantaged backgrounds, evidenced by the most recent widening participation data which shows that 56% of our student body come from one or more of the key groups that are under-represented in Higher Education.

Our commitment to widening access means we also invest significant sums in supporting students. All prospective students are made aware of the availability of financial support and in 2017–18 we provided £1.3 million in financial support for students.

In 2017–18, the University continued to invest in its campus and the student experience as part of its strategic agenda to develop 'sport and wellbeing for all'.

We continued to invest in our Haxby Road sports park which provides outstanding sporting facilities which are available to students, staff and the wider community, including professional sports clubs.

The University continues to host a range of public talks and events which are usually free to access. During 2017–18 these have included the 'Conversations That Matter' series focusing on mental health, a major festival celebrating the 100 year anniversary of women achieving the right to vote and the Ebor Lectures, run in partnership with York Minster. In total, almost 10,000 attendees have taken part in events run by the University over the past year – a significant increase on the previous year.

The University does not engage professional fundraisers or commercial participators for fundraising activities.





56%

of our student body
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of the key groups that
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Higher Education.

Strategic Review

2017–18 has been a year characterised by achievement and ambition at York St John University. Within a challenging external context – in which the role, value and practice of universities has been scrutinised and questioned and future funding arrangements are uncertain – a focus on a distinct suite of priorities, projects and partnerships means York St John students have enjoyed improved outcomes and the University is well positioned to continue its progress in the future.

Priorities with Purpose

At the beginning of the year the University identified three priority areas of work around which it would focus effort. These are: inspiring learning, impactful research and helping students to be clear about career. These priorities and the actions beneath them have been chosen strategically, taking into account student feedback, needs and expectations, alongside external indicators and assessments of the University's performance.

The inspiring learning strand has a strong emphasis on student experience and on developing a more collaborative curriculum. The year began with an enhanced focus on the student welcome, with the traditional welcome week activities extended into a welcome 'term'. A new electronic system for attendance monitoring at lectures was also introduced, with the aim of flagging at an earlier stage any students that may be having difficulties. More work has also been done over the year on gathering and reviewing student feedback and there has been continued investment in key student facilities and digital infrastructure. Work to improve the University timetable and student communications is also ongoing.

Alongside this, the University has continued to invest in its facilities to further enhance the student experience. £1.3 million has been spent on enhancing teaching space, including an enhanced media suite and improvements to the estate more broadly. The facilities at the Haxby Road sports campus have seen continued development, with £300k spent, and there has been investment in student accommodation as part of an ongoing programme of improvement and refurbishment.

Early indicators of the outcomes from this effort have been positive, with an increase in our overall satisfaction score in the National Student Survey, which at 85% put York St John above the national average and in the top 50 institutions in the country.

The impactful research strand has seen the University laying the foundations for a much more significant focus on research moving forward. A new Research Unit has been established and recruited to support our Schools and Academics in how we conduct research, recruit, train and support research students and comply with ethical and legal research regulations. The team will help the University prepare for the Research Excellence Framework (REF) assessment due in 2021.



Alongside this, a number of significant research funding bids have been submitted during the year, helping to build the University's expertise and confidence in this field. Investment has also been made in raising the profile of academic research through a partnership with the Conversation website, which showcases academic research to a global audience. Since launching this partnership in January 2018, more than 20 articles have been published with almost half a million views of these across the world.

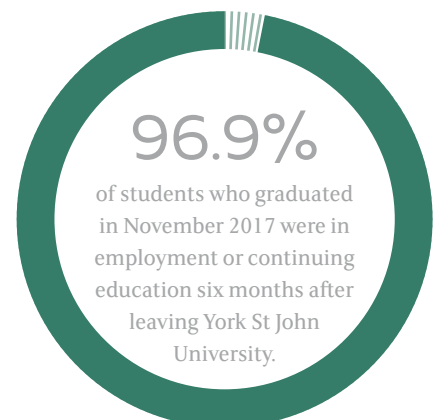
Support for PhD students conducting research continues to be a strength. The University was once again the highest performing institution for overall student satisfaction in the Annual Advance HE National Postgraduate Research Experience Survey (PRES), which engaged with more than 17,000 students from institutions across the country.

Together, these different areas of work across the research agenda, aligned with some key emerging partnerships to support this work, mean the University is well placed to enhance its research output and impact in the year ahead.

On the priority to help students to be clear about their career, the University has made exceptional progress. Recognising this as a major aspect of the value for money proposition that students receive from the University, investment has been made in a number of initiatives to develop the confidence, entrepreneurialism and networks of our students both during and after their time at University. One of these, Grad2Director, drew on external business creation expertise to offer final year students the chance to receive one to one coaching and support in the development of their own new businesses and funding to support their business set-up. Eight new companies were founded as a result, with many more students accessing the online training and support that underpinned the programme.

Another initiative, Gradcore, offers students personalised support in the development of skills and experience to prepare them for competing in the employment market, whilst a much more data driven approach to careers support has enabled the targeting of those students whose situation indicates that they would benefit from additional support to achieve their career goals.

This and more has had a major impact on student outcomes. 96.9% of students who graduated in November 2017 were in employment or continuing in education six months after leaving York St John University. This was an improvement from 93% in the previous year and places the University second in the region and 23rd in the country for this outcome. Several courses saw a 100% success rate. In addition, the percentage of those graduates either continuing in education or going into a professional or managerial role rose to 73%, from 54% in the previous figures. The University was shortlisted for a Guardian Higher Education Award as a result of this progress.





Investing in Transformational Projects

Complementing these three clear priorities, the University has also made significant progress on four key strategic projects that aim to simultaneously enhance the student experience, differentiate our offer, strengthen our partnerships and networks and increase our wider social impact.

The first of these is the development of a new London campus for the University. The purpose of the London campus investment is threefold. Firstly, it will broaden the experience of York-based students, offering opportunities to learn and work in a major global city with considerable opportunities for networking and personal development. Secondly, it will offer staff their potential to broaden their own networking and collaborative potential as they develop their research and wider experience. Thirdly, it will provide a suite of specialist postgraduate courses that will be enhanced in their popularity and quality by being based in London. During 2018 the location for the campus – at Glasshouse Yard adjacent to the world-famous Barbican Centre – was identified and secured. A website for the campus was launched and the initial staffing complement was recruited. The coming year will be a critical one for this project, with the ambitious plans for the campus brought to life.

The second major project is a new Creative Centre on campus, which will offer a much improved performance space, alongside state-of-the-art creative teaching facilities as well as staff and student social and study space. The centre is due for completion in 2021. Over the past year the architects have been appointed based on an ambitious and exciting design that maximises the University's close proximity to York Minster. Public consultation has been launched and staff are helping to plan for what will be on offer in the centre. The Creative Centre will build on the growing reputation of the University in the Arts. The University has spent approximately £600k developing this project so far.

The third major project is the enhancement of the University's suite of courses in the key fields of Science, Technology,

Engineering and Maths (STEM).

Building on the initial success of the Biomedicine course the University introduced plans to launch both Maths and Biology as part of the 2019 undergraduate suite, with significant academic appointments made in these fields.

Both these courses reflect the University's ambitions to develop the graduate pipeline across essential 21st century disciplines and to do so in a way that widens access to these subjects. A number of significant regional partnerships are being developed that will enhance this growing STEM offer.

The final transformational project is the enhancement of the University's reputation and offer around mental health, built around a new partnership with the Tees, Esk and Wear Valley NHS Foundation Trust which capitalises on the trust's decision to locate the new mental health hospital for the city adjacent to the University's 57-acre sports facilities on Haxby Road. The University and the trust have signed a memorandum of understanding that will create significantly enhanced opportunities and pathways for students studying Psychology, Counselling and other mental health related courses at York St John and it will also enable the University's sports facilities to be utilised as part of the support and rehabilitation offer available to hospital patients.

The University has a longstanding positive commitment to mental health, which during 2017–18 saw it celebrate 30 years of its counselling courses and a decade of Converge, its educational access initiative for mental health service users, as well as hosting a major mental health conference for the Higher Education sector and a series of public talks from prominent figures in the mental health world. This partnership will build significantly on that commitment to put mental health related training at the heart of the University's expertise.

Throughout the year a huge amount of work has been done to bring these projects to fruition and establish the partnerships needed to make each of them work. The year has laid some significant foundations on which the University can now launch an ambitious new strategy.

Developing New Markets

The University continues to take a proactive approach to reviewing the market for Higher Education. This has served it extremely well in recent years, whereby portfolio changes and effectively targeted marketing have enabled it to achieve sector-leading recruitment. For 2018 entry this strong performance has been sustained, with recruitment numbers exceeding the budget target. At the same time we remain acutely aware that an over-reliance on a single stream of income – namely domestic undergraduate full time recruitment – carries risks. Over the past year the University has proactively pursued more opportunities to address this. The introduction of Foundation Years has proven a popular and positive decision. The Postgraduate suite of courses has been refreshed, with more work planned to promote and develop this further. A new International Strategy is being developed to more effectively target some of the largest global markets.

In addition, the University has sustained its work to enter the Degree Apprenticeship market. This has seen success, with a first suite of Degree Apprenticeship MBA courses and Degree Apprenticeships in Biological Sciences introduced by the rebranded Academic Alliances business development team. In the year ahead the University will look to build on this initial success and expand its Degree Apprenticeship offer.

A second rebranded team – The Advantage – focusing on continuing professional development, personal interest courses and consultancy, has also seen its offer develop and grow in popularity during the year. The team's Military Human initiative, which supports ex-military personnel in returning to domestic life, has received national recognition for its impact. Again, growing income from this work will be a priority in the coming year.

Other options for market growth, including online learning opportunities and collaborations with a number of domestic and international partners, are also being pursued.

Staying True To Our Mission

Whilst taking a strategic and ambitious approach to our development, the University has stayed true to its core mission and values, enjoying considerable success and impact. We have climbed into the Top 25 nationally in Stonewall's list of inclusive employers, maintained our Social Enterprise Gold Mark for responsible business practice and been awarded University of Sanctuary status for our work with refugees and asylum seekers. Analysis published by the Higher Education Policy Institute placed us 6th in the country for representing students from across the full range of socio-economic backgrounds and this was complemented by our own research which found that 56% of our students come from one or more group that is under-represented in Higher Education.

Partnerships with our local community have also continued to be a core part of our business. This year we partnered with the city's investment body and local media to research and launch the first list of York's Top 100 Businesses. We hosted a major celebration to mark the 100 year anniversary of women achieving the right to vote and we have continued to sponsor and support major festivals including Aesthetica and the York Literature Festival.

Taken together, by both looking strategically at our position in the Higher Education landscape and staying true to our core purpose and values, York St John University continues to enjoy a stable financial position, growing reputation and strong potential for further growth and impact.

On behalf of the Governing Body



Professor Karen Stanton
Vice Chancellor
15 November 2018



Ann M Green CBE
Chairman and Pro Chancellor
15 November 2018



Financial Review

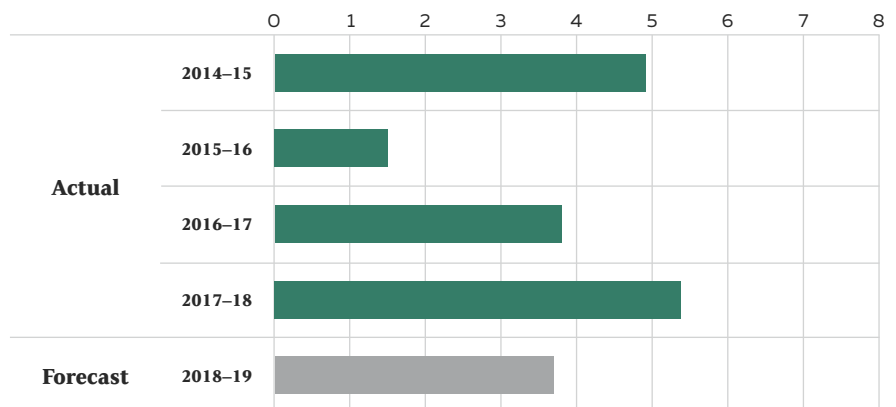
The financial outcome for the 2017–18 year was a positive one with an underlying operating surplus before pension costs of £5.4m: 8.4% of income (2016–17: £3.8m: 6.4% of income).

The surplus reduces to £3.9m, 6.1% of income after accounting for pension costs. Overall income increased by 8.5% to £64.3m as a result of increased tuition fees and residential income; however the growth in home and EU students was partially offset by reduced recruitment of international students and a reduction in NHS income due to undergraduate students no longer being funded.

Total expenditure increased by 5.7% to £60.4m. Excluding one-off charges for impairment and restructuring this represents a 4.4% increase in costs.

The University generated £10.2 million net cash inflow from operating activities and the cash balance increased by £6.0m to £22.5m after investing £2.9m in fixed assets.

Adjusted Operating Surplus £'m



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Total income increased by 8.5% to £64.3m mainly due to the increase in recruitment of home and EU students.

Income

Total income increased by 8.5% to £64.3m mainly due to the increase in recruitment of home and EU students. The University recruited its highest ever intake of full time home and EU undergraduate students despite the more competitive environment arising from the increased marketisation following the removal of student number controls in 2015–16. Recruitment of international students was lower in 2017–18 with fee income reducing by £0.4m, 10.5%. Following a review of international income and recruitment a major review of the international strategy was undertaken in 2016–17 and the decision was made to close the Malaysian Office, used to recruit students from South East Asia.

The University's main source of revenue (81.2%) is from teaching activity including tuition fees, education contracts and Funding Council grants. The University also has a portfolio of student accommodation and income from residence, catering and conference activities. Income increased by £0.9m due to the overall growth in student numbers.

Expenditure

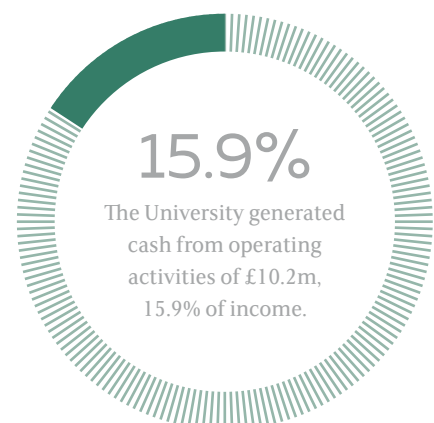
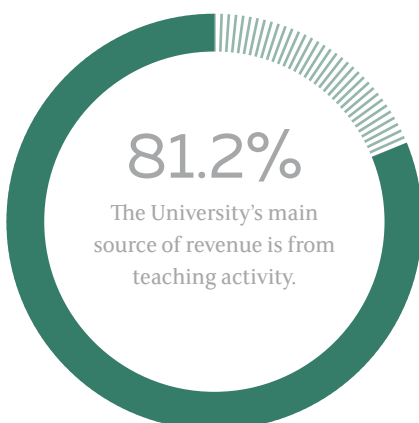
Total expenditure increased by 5.7% to £60.4m mainly due to additional investment in 2017–18 to support the growth in student numbers. Staff costs increased by £2.5m to £32.8m with increased investment in academic and support staff and increased restructuring costs. The University has invested in a total of 24 new academic posts during 2017–18 with substantial investment continuing in 2018–19 to support growth in new and expanding academic areas including Law, Politics, Social Sciences and Psychology, Art Design and Computer Science, Media Production, Geography and Business.

Balance Sheet

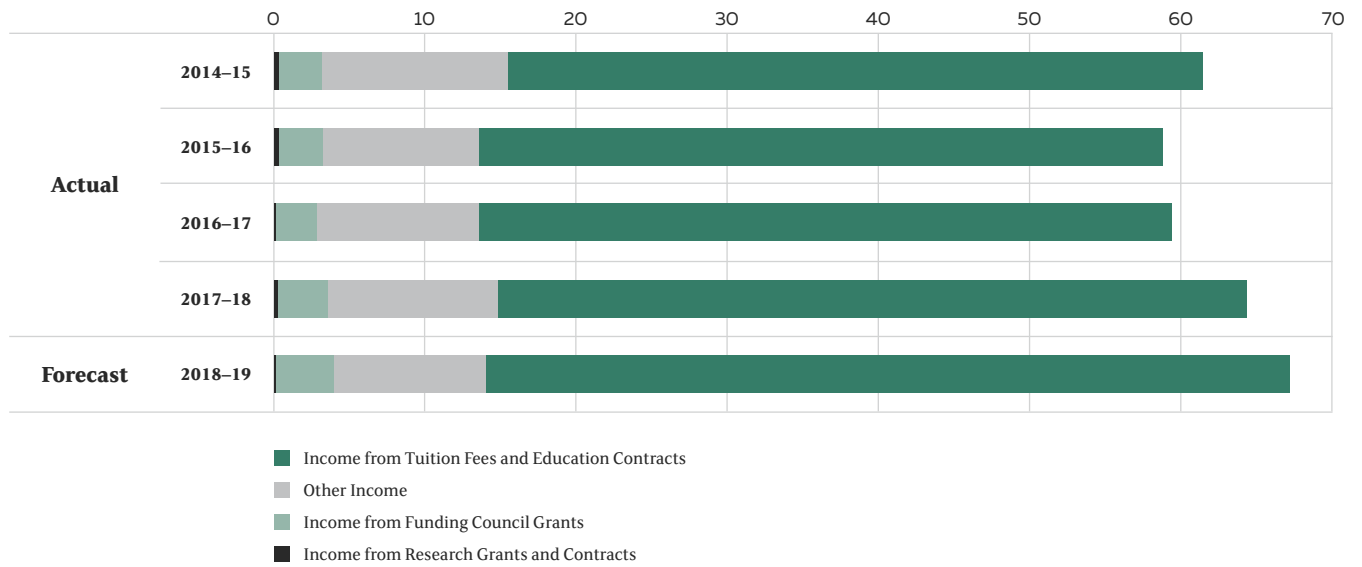
The balance sheet has strengthened this year with net assets increasing to £113.2m, (£119.5m excluding pension deficit). Capital investment of £2.9m during the year included investment in teaching facilities and IT, £1.7m, the refurbishment of student accommodation at the Grange, £0.6m, and initial investment in a new Creative Centre, £0.6m. The depreciation charge of £4.8m includes the accelerated depreciation charge of £1.1m relating to the student accommodation on the Lord Mayor's Walk site. This accommodation will be demolished in preparation for the building of the new Creative Centre in the summer of 2019.

The University generated cash from operating activities of £10.2m, 15.9% of income (£7.0m, 11.8% 2016–17).

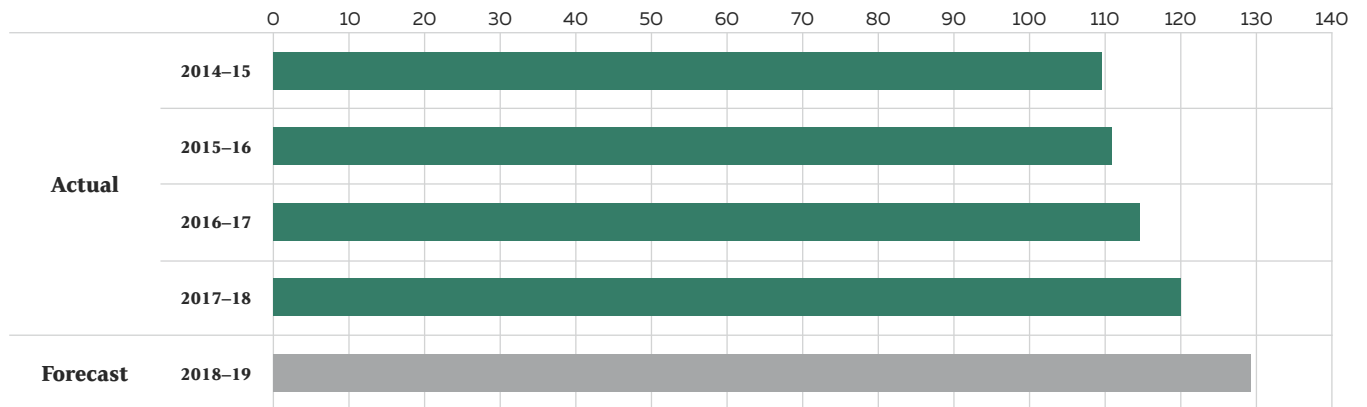
The outcome of the actuarial valuation of the University's pension liability resulted in a £5.6m decrease in the pension deficit to £6.3m largely arising from the actuarial gains on assets and liabilities. The discount rate increased from 2.6% to 2.8% in line with corporate bond rates.



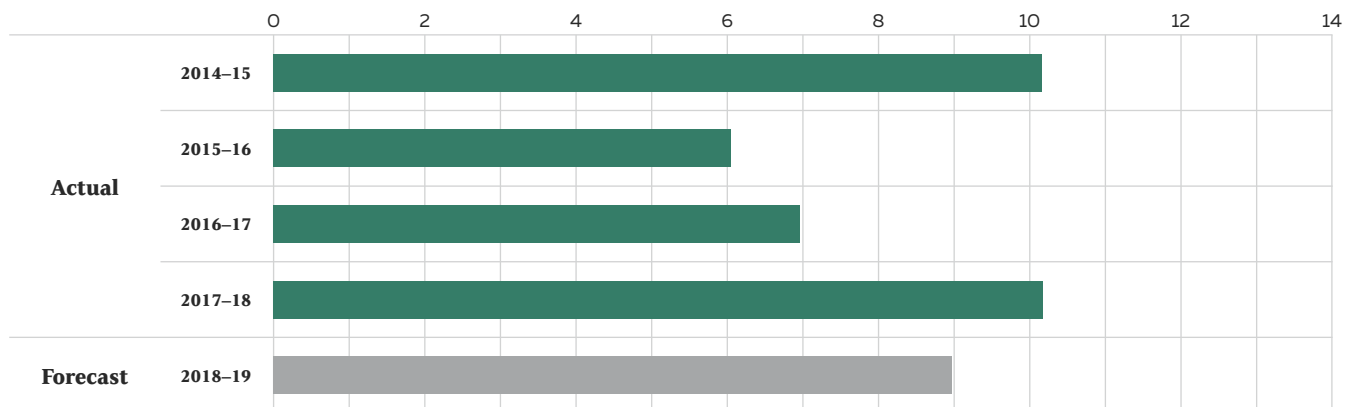
Income £'m



Net Assets excluding Pension Liability £'m



Net Cash From Operating Activities £'m



Key Risks and Risk Management

The University has focused considerable time and effort over the past year in assessing the Higher Education landscape and mapping a clear path forward for continuing growth, alongside the consolidation of current strengths. This plan will be operationalised more fully in the year ahead as the transition is made from the current Strategic Plan (which runs until 2020) to a new Strategy that projects to 2026 and deliberately aims to be more forward-thinking and specific in its prioritisation of resources and investment.

This longer-term view is essential in a turbulent environment, both within the sector and more widely. The economic impact of Britain's exit from the European Union is likely to gain prominence in the year ahead, with the potential for multiple levels of impact. The national review of funding arrangements for Higher and Further Education is due to report to the Government soon and this could have a considerable impact on the University's current business model. As the Office for Students (OfS) establishes its role, the need to operate effectively within a regulatory and 'value for money' context becomes essential.

The University's planning is mindful of all of these risks and considerations, but a high level of uncertainty unavoidably characterises our ability to project ahead as confidently as we would like to at present.

The University has achieved several years of strong performance and growth in undergraduate student recruitment. This is the basis on which a healthy financial foundation has been achieved.

The University continues to be heavily reliant on this core business of undergraduate recruitment for its financial sustainability. Recent benchmarking against comparators suggests there is more potential to diversify into international and particularly postgraduate markets, as well as other types of courses and learning models, to create a wider portfolio of income streams. This is particularly important given the highly competitive nature of the undergraduate market and the short-term demographic dip in the traditional 18 year old undergraduate cohort.

With this 'sustainability challenge' in mind, the University is taking a number of steps to broaden and strengthen its offer. Foremost amongst these is the investment in a London campus, which in time is intended to become the home of a new suite of marketing and business creation postgraduate courses that should appeal significantly to international markets. In the short term this facility aims to enhance and differentiate our





undergraduate offer, providing a 'two cities' opportunity for our students' learning and experience. The financial viability of this investment has been considered carefully and there is clear potential for income growth over time. In the short term, the University must manage the rental, set-up and development costs of the new campus responsibly.

Other projects that aim to broaden and strengthen our offer include the plans for a new Creative Centre on campus, investment in new Science, Technology, Engineering and Maths (STEM) courses and a growing partnership with the Tees, Esk and Wear Valley NHS Foundation Trust, which will enhance the appeal of our popular suite of courses in the School of Psychological and Social Sciences. The development of new teams 'The Advantage' – which focuses on continuing professional development courses, and 'Academic Alliances' – which is developing our Degree Apprenticeship offer, plus our exploration of partnerships for online learning opportunities, also support our diversification objectives.

The University ran a comprehensive programme to prepare for the implementation of the General Data Protection Regulation (GDPR). Work to mitigate against risks relating to information technology and cybersecurity, which have previously been foregrounded by the University's Audit Committee, continues to be a priority.

The University is also alert to the sensitivity of the sector's financial position to changes in pension fund liabilities and is actively managing this through its planning and forecasting processes.

The University has a well-developed interactive Progress and Risk Management tool which is regularly reviewed by senior management and the University's

Governors. This tool identifies risks and progress against the existing Strategic Plan and will be developed further to align with the new 2026 Strategy. A new Project Management Unit has been introduced in the past year and is closely aligned with the University's performance management arrangements to ensure that the significant strategic projects currently being undertaken are monitored and managed consistently, with senior management oversight.

Amidst a period of ongoing uncertainty, the underlying financial position remains strong and the University has proactive plans in place to meet the sector challenges and to take advantage of the new opportunities emerging from the competitive market.

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The University has achieved several years of strong performance and growth in undergraduate student recruitment. This is the basis on which a healthy financial foundation has been achieved.



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*The University
is committed to
encouraging and
enabling staff to
achieve their full
potential.*

Directors' Report

The Directors present the Financial Statements of the University for the year ended 31 July 2018. The Directors confirm that they have provided all information to the auditors and they consider this report and accounts to be: fair, balanced, understandable, and that it provides the information necessary to assess the University's performance.

The future strategy and likely developments within the University are highlighted within the Strategic Report. The names and term of office of all of the Directors are listed on pages 10 and 11 under 'Governors and Directors of the University'.

Employees and diversity

The University is committed to encouraging and enabling staff to achieve their full potential and aims to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds 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.



Disabled employees

The University takes positive steps to ensure that disabled people can compete equally for employment opportunities and have the support they need to develop and perform well in their jobs. The University is a 'Disability Confident Employer', in recognition of our work to employ, retain and develop disabled staff. Disabled persons are employed under the standard contract terms and conditions. Reasonable adjustments are made where appropriate and career development and promotion opportunities are provided for all staff.

Employee involvement

It is the University's policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the University's performance.

Employees are provided with information about the University, which is supplemented by regular team briefings and staff forums. The University makes full use of its website, a weekly internal email and a quarterly magazine to provide current information to its employees.

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017 no. 328), the University is required to publish information about employees acting as trade union representatives for each year to 31 March. For the year to 31 March 2018, 25 employees acted as relevant union officials, each spending between 1–50% of their hours on trade union facility time. The total cost of facility time was £37,931, which was 0.13% of the total pay bill. The time spent on paid trade union activities as a percentage of total paid facility time hours was 0%.

On behalf of the Governing Body

Professor Karen Stanton

Vice Chancellor
15 November 2018

Ann M Green CBE

Chairman and Pro Chancellor
15 November 2018

Statement on Corporate Governance and Internal Control

The following statement is based on OfS guidelines and reflects the University's regard for the Higher Education Code of Governance ('the Code') published by the Committee of University Chairs (CUC).

The University formally adopted the Code at the meeting of the Governing Body on 9 July 2015, following detailed consideration of the Code by the Governance and Nominations Committee. We confirm that the requirements of the Code have applied to the University's governance arrangements during the 2017–18 financial year.

York St John University is a Higher Education institution with taught and research degree awarding powers, a Company Limited by Guarantee (with no share capital) and an exempt charity. The University's Articles set out its object and powers as required under the Education Reform Act 1988.

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.

Governors make an annual declaration to conduct themselves in accordance with accepted standards of behaviour in public life (the 'Nolan Principles') which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Governors are required to maintain an entry in a Register of Interests and further to declare any interests in relation to matters under discussion at meetings.

The Governing Body has adopted a Statement of Primary Responsibilities addressing sector guidance, OfS and UKRI requirements and the University's status as a Company Limited by Guarantee. This statement reflects the Governing Body's understanding of its responsibilities in relation to governance and internal control. It is published on the University's website and is reviewed annually by the Governing Body.

The powers and duties of the Governing Body, as defined in the Articles include responsibility for:

- the determination of the educational character and objectives of the University and the supervision of its activities
- the effective and efficient use of resources, the solvency of the University and the safeguarding of its assets
- approving annual estimates of income and expenditure
- the assignment of duties and rights to, and the appraisal of, the Vice Chancellor
- the determination of the policy for pay and general conditions of employment of the staff
- the appointment of auditors
- 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.

The Vice Chancellor has a general responsibility to the Governing Body for the organisation, direction and management of the institution. There is a clear division of responsibility in that the roles of the Vice Chancellor and the Chairman are separate.

Under the Terms and Conditions of Funding and ongoing registration with the OfS the Vice Chancellor is the Accountable Officer of the University. In that capacity the Vice Chancellor (and the Chairman of the Governing Body) can be summoned to appear before the Public Accounts Committee of the House of Commons. This responsibility extends to assuring the quality and accuracy of University data provided to OfS, the Higher Education Statistics Agency (HESA) and other public bodies.

The Vice Chancellor exercises considerable influence upon the development of the University Strategy, the identification and planning of new developments, and shaping of its ethos. The wider Executive contributes to significant aspects of the work, working in close collaboration with the Governing Body which has ultimate responsibility for the University's strategic direction, educational character and use of resources.

In accordance with the Articles of Association, a Secretary to the Governing Body (and the Company) has been appointed. The role holder provides independent advice on matters of governance to all members of the Governing Body.

The Governing Body, through its Governance and Nominations Committee, ensures that there is an appropriate balance of skills and experience among its members. The constitution includes the Vice Chancellor, the President of the Students' Union and an elected staff member. The remaining 14 members are external and independent to the University. Governing Body members are not currently remunerated for the work they do in this capacity. No Governor or person connected with a Governor received any benefit from either bursaries or scholarships awarded to our students.

The Governing Body holds three formal business meetings each year. In addition, it holds a discussion day and an away day to provide opportunities to consider matters of strategic importance in greater depth. In September 2017 the discussion day focussed in greater depth on the student journey, and in April 2018 the residential supported the development of the 2026 Strategy.

The following standing Committees of the Governing Body handle detailed work within defined terms of reference:

- Audit
- Finance and Capital Development
- Foundation
- Governance and Nominations
- People
- Remuneration (Vice Chancellor)
- Remuneration (Senior Leadership Team)

The Committees mainly comprise independent and external members of the Governing Body, one of whom is appointed as the Chair of each Committee.

An Academic Board provides regular reports to the Governing Body on academic matters ensuring that the Governing Body can discharge its responsibilities for the quality of the student experience and standard of awards. An annual joint meeting with the University's Academic Board provides an opportunity for engagement in greater depth on academic matters. The elected staff member on the Governing Body also serves on the Academic Board.





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, management's responses and implementation plans and regularly reviews the University's progress and risk register. It also receives and considers reports from regulatory bodies, including the OfS, as they affect the University's business and monitors adherence to regulatory requirements. While members of the Executive attend meetings of the Audit Committee as necessary, they are not members of the Committee. Once a year, the Committee separately meets the Internal and External Auditors for independent discussions.

Finance and Capital Development Committee

The Finance and Capital Development Committee meets three times a year and maintains oversight of the University's financial and capital development strategies and the financial policy framework.

Foundation Committee

The Foundation Committee is a forum with responsibility for leading and advising on religious faith and ethos and the University's mission and ethics.

Governance and Nominations Committee

The Governance and Nominations Committee advises the Governing Body on the operation and effectiveness of corporate and academic governance arrangements and oversees the appointment of Governors and members of Governing Body Committees. This includes responsibility for oversight of reviews of Governing Body effectiveness. A review of Governing Body effectiveness took place in 2017–18 supported by an external consultant. The Governing Body was found to be 'high performing'. An action plan to further enhance effectiveness was

approved by the Governing Body and progress is monitored by the Committee. Details of the University's approach and key outcomes of that process are published on the University's website.

People Committee

The People Committee meets three times a year. Its purpose is to "be responsible for monitoring key performance indicators relating to students, staff and alumni and making recommendations to Governing Body (or Academic Board, as appropriate) on matters that impact on the contribution and success of our people".

Remuneration Committees

In March 2018 following consideration of the draft Higher Education Remuneration Code published by the CUC, Governing Body approved changes to the terms of reference and the creation of a Remuneration Committee (Vice Chancellor) and Remuneration Committee (Senior Leadership Team). The Remuneration Committee (Vice Chancellor) is responsible for determining the remuneration, conditions of service and any severance arrangements for the University's Vice Chancellor, who does not sit on this committee. The Remuneration Committee (Senior Leadership Team) performs the same task for the University's most senior post holders. The Committees operate within a clear policy framework which was also updated in March 2018. The Remuneration Committees are chaired by the same independent Governor and cannot be chaired by the Chairman of the Governing Body. In addition to Governor members, there is an independent co-opted member with experience from beyond the Higher Education sector.

Internal control

The University's Governing Body is responsible for the University's system of internal control and for reviewing its effectiveness alongside safeguarding the funds and assets for which it is responsible. This includes the prevention and detection of corruption, fraud, bribery and irregularities. 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 mis-statement or loss.

Documentation defining particular control mechanisms and responsibilities were reviewed and updated to reflect the structural changes.

The main elements of the University's system of internal control are:

- Clear definitions of authority delegated to senior leaders, including authority for the approval and control of expenditure
- A robust annual planning process, linked to budgeting, and informed by detailed financial analysis
- Comprehensive Financial Regulations, detailing financial controls and procedures, reviewed by the Finance and Capital Development Committee and approved by the Governing Body
- Policies and procedures to support compliance with legislation and regulation relating to financial malpractice including fraud, money laundering and bribery
- Regular monitoring of performance and risk indicators against the University's Strategic Plan across the University. Audit Committee and the Governing Body receive regular reports relating to performance and risk
- The maintenance of a control log for all data returns with appropriate levels of assurance and approval.

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 ongoing process for identifying, evaluating and managing the University's significant risks; that has been in place for the year ended 31 July 2018 and up to the date of approval of the Directors' Report and accounts; and 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. It is informed by the Internal Audit function which works to standards defined in the OfS Audit Code of Practice. Further assurance is provided through reviews by the OfS Assurance Service. The performance of the University's Internal Auditors is reviewed by both management and the Audit Committee each year and informs the opinion set out in the Audit Committee Annual Report to the Vice Chancellor and the Governing Body.

The Audit Committee approves an Annual Internal Audit Plan and receives regular reports from Internal Audit which include recommendations for improvement. Internal Audit provides an Annual Report to the Governing Body, which includes an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, corporate governance and value for money. At its November 2018 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the Executive Board, Audit Committee and Internal Audit, and taking account of events since 31 July 2018.

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Governors make an annual declaration to conduct themselves in accordance with accepted standards of behaviour in public life... selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The Governing Body (the members of which are the Directors of the University company for the purposes of company law) is responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with the OfS Terms and Conditions of Funding and the Terms and Conditions of Research England, and applicable law and regulations. Governors are also Trustees and the Financial Statements must meet requirements relating to the Charities Act 2011.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions of Funding further requires the Financial Statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and the requirements of OfS Accounts Direction to Higher Education providers.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state-of-affairs of the University and of its income and

expenditure, gains and losses and changes in reserves for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time its financial position and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Governing Body is responsible under the Terms and Conditions of Funding for:

- ensuring that funds from OfS, Research England and other funding bodies are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding and any other conditions which OfS may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

In addition, it is responsible for ensuring compliance with the ongoing conditions of registration required by the OfS. Specifically the Governing Body is responsible for:

- interactions between the University and the OfS and its designated bodies;
- ensuring compliance with all of the OfS conditions of registration and its accounts direction;
- nominating the 'accountable officer'.

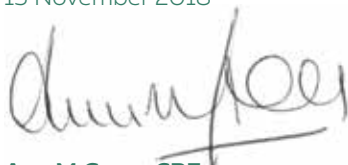
The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

On behalf of the Governing Body



Professor Karen Stanton

Vice Chancellor
15 November 2018



Ann M Green CBE

Chairman and Pro Chancellor
15 November 2018





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

Opinion

We have audited the Financial Statements of York St John University ("the University") for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows, Statement of Principal Accounting policies and related notes.

In our opinion the Financial Statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2018, and of the University's income and expenditure, gains and losses and changes in reserves, and of the cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

Other information

The Governing Body is responsible for the other information, which comprises the Strategic Report, Directors' Report, and Statement on Corporate Governance and Internal Control. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Review and the Directors' Report, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Governing Body responsibilities

As explained more fully in their statement set out on pages 32 and 33, the Governing Body (who are the Directors of the University company for the purposes

of company law) is responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students (OfS) and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

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We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law.





In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Association;
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions attached to them; and
- funds provided by The Higher Education Funding Council for England (HEFCE) have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 28 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Governing Body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Clare Partridge', written in a cursive style.

Clare Partridge
Senior Statutory Auditor

For and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

19 November 2018

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 the 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, applicable accounting standards and Companies Act 2006 where appropriate. They conform to guidance published by the Office for Students (OfS).

The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The Financial Statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Basis of consolidation

The University's subsidiary undertaking was placed into liquidation during the year and there has been no material income or expenditure in the year. Therefore consolidated accounts are not required and the accounts have been prepared on a single entity basis. Further details on the subsidiary undertaking are provided in Note 12 to the Financial Statements.

The 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

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

Fee income is stated gross and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of tuition fee is reduced, by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Government grants including: funding council block grant; research grants from government sources; other grants and donations from non-government sources (including research grants from non-government sources) are recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. Where there are no performance-related conditions then income is recognised in the period in which it is received.







Non-exchange transactions without performance-related conditions are donations and endowments.

Donations and endowments with donor-imposed restrictions are recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Income is retained within the restricted reserve until it is utilised in line with restrictions, when the income is released to general reserves through a reserve transfer. Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

Endowment and investment income is credited to income in the year in which it arises and is recorded as either restricted or unrestricted income according to the terms of the individual endowment fund. There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. 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.
3. 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.
4. 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.

Capital grants

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

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.

Pension schemes

Retirement benefits for employees of the University are provided by two pension schemes: the Teachers' Pension Scheme (TPS) for academic staff and the North Yorkshire Pension Fund (NYPF) for non-academic staff. The two schemes are externally funded and were contracted out of the Additional State Pension until the new State Pension was introduced on 6 April 2016.

The TPS is a multi-employer defined benefit scheme. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period. Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS.

The NYPF is a multi-employer defined benefit pension scheme administered by North Yorkshire County Council as part of the Local Government Pension Scheme. The NYPF is valued every three years by a professionally qualified independent actuary and the University's share of the fund's assets and liabilities are identified. The assets of the NYPF are measured using closing market values. NYPF 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.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in Actuarial gain/(loss) in respect of pension schemes.

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.

Employment benefits

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

Operating leases

Costs in respect of operating leases that are structured to increase by fixed amounts are recognised on a straight-line basis over the lease term.

Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (pounds sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency (pounds sterling) at the rates of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit in the period in which they arise.

Fixed Assets

Fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings that had been revalued to fair value on 1 August 2014 – the date of transition to the 2015 SORP – are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as advised by the external valuer, which vary between 10 and 90 years. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

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 prior to year-end. They are not depreciated until brought into use.

Motor vehicles, fixtures and fittings, computers and equipment: Assets costing £5,000 or more are assessed for capitalisation. Purchases under this value are written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised items are stated at cost and depreciated straight-line over their expected useful lives as follows:

- Motor vehicles – 5 years
- Fixtures and fittings – 10 years
- Computer hardware – 4 years
- Computer infrastructure – 5 years
- Equipment – 5 years

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income and Expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs which are directly attributable to the construction of land and buildings are not capitalised as part of those assets but recognised as an expense in the Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

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 during which economic benefit is expected to be received.

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.

Stock

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





Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits with a maturity of three months or less from the date of deposit.

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.



Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore 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) 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.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund to perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these Financial Statements, management have made the following judgments:

- Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions

used in determining the net cost (income) for pensions include the discount rate. Other sources of estimation uncertainty include risks associated with asset volatility, changes in bond yield, inflation risk, changes in life expectancy and the risk of other employers exiting the Fund. Any changes in these assumptions, which are disclosed in Note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 18. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Going Concern

The University's activities, together with the factors likely to affect its future development and performance are set out in the Financial Report. The University's cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The University currently has £20.6m of loans outstanding with bankers on terms negotiated in 2013. Additionally, there is a £10m uncommitted facility available for unconditional drawdown, none of which has been utilised during 2017–18. The terms of the agreement are detailed in the supporting notes to the Financial Statements. The University's forecasts and financial projections indicate that it will be able to operate within its existing facility and comply with all relevant covenants for the foreseeable future.

Accordingly, the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in preparation of its Financial Statements.

Statement of Comprehensive Income and Expenditure

Year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Income			
Tuition fees and education contracts	1	49,466	45,763
Funding body grants	2	3,256	2,666
Research grants and contracts	3	201	70
Other income	4	11,316	10,647
Investment income	5	54	50
Donations and endowments	6	13	85
Total income		64,306	59,281
Expenditure			
Staff costs	7	32,794	30,267
Other operating expenses		21,669	21,104
Depreciation	11	4,756	3,791
Write-back of capitalised costs	11	–	534
Interest and other finance costs	8	1,180	1,439
Total expenditure	10	60,399	57,135
Operating surplus after depreciation of assets		3,907	2,146
Gain/(loss) on disposal of fixed assets		(4)	13
Surplus before tax		3,903	2,159
Taxation	9	–	–
Surplus for the year		3,903	2,159
Unrealised surplus on revaluation of land and buildings	11	–	–
Actuarial gain/(loss) in respect of pension schemes	23	7,098	11,610
Total comprehensive income for the year		11,001	13,768
Represented by:			
Endowment comprehensive income for the year	18	–	–
Restricted comprehensive income/(expenditure) for the year	19	(42)	69
Unrestricted comprehensive income for the year		11,043	13,699
		11,001	13,768

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves

Year ended 31 July 2018

	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2016:	85	135	46,641	41,616	88,477
Surplus/(deficit) from the income and expenditure statement	–	69	2,090	–	2,159
Other comprehensive income	–	–	11,610	–	11,610
Transfers between revaluation and income and expenditure reserve	–	–	387	(387)	–
Total comprehensive income for the year	–	69	14,087	(387)	13,769
Balance at 31 July 2017	85	204	60,728	41,229	102,246
Surplus/(deficit) from the income and expenditure statement	–	(42)	3,945	–	3,903
Other comprehensive income	–	–	7,098	–	7,098
Transfers between revaluation and income and expenditure reserve	–	–	387	(387)	–
Total comprehensive income for the year	–	(42)	11,430	(387)	11,001
Balance at 31 July 2018	85	162	72,158	40,842	113,247

Balance Sheet

As at 31 July 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Fixed assets	11	122,734	124,705
Current assets			
Stock	13	20	23
Trade and other receivables	14	2,997	2,361
Cash and cash equivalents	20	22,519	16,478
		25,536	18,862
Creditors: amounts falling due within one year	15	(7,443)	(6,899)
Net current assets		18,093	11,963
Total assets less current liabilities			
		140,827	136,668
Creditors: amounts falling due after more than one year	16	(20,855)	(22,074)
Provisions			
Pension provision	17	(6,725)	(12,348)
Total net assets			
		113,247	102,246
Restricted reserves			
Income and expenditure reserve – endowment reserve	18	85	85
Income and expenditure reserve – restricted reserve	19	162	204
Unrestricted reserves			
Income and expenditure reserve – unrestricted		72,158	60,728
Revaluation reserve		40,842	41,229
Total reserves			
		113,247	102,246

The Financial Statements on pages 38 to 63 were approved by the Governing Body on 15 November 2018 and signed on their behalf by:



Professor Karen Stanton
Vice Chancellor



Ann M Green CBE
Chairman and Pro Chancellor

Statement of Cash Flows

Year ended 31 July 2018

	Note	2017/18 £'000	2016/17 £'000
Cash flow from operating activities			
Surplus for the year before tax		3,903	2,159
Adjustment for non-cash items			
Depreciation	11	4,756	3,791
Write-back of capitalised costs	11	–	534
Taxation	9	–	–
Decrease/(increase) in stock	13	3	(1)
Increase in debtors	14	(636)	(176)
Increase/(decrease) in creditors		298	(1,266)
Increase in pension provision		1,475	1,507
Adjustment for investing or financing activities			
Investment income	5	(54)	(50)
Interest payable		893	932
Loss/(profit) on the sale of fixed assets		4	(13)
Capital grant	2	(465)	(381)
Net cash inflow from operating activities		10,177	7,036
Cash flows from investing activities			
Proceeds from sales of fixed assets		151	16
Investment income	5	54	50
Payments made to acquire fixed assets		(2,817)	(5,718)
Capital grant	2	465	381
		(2,147)	(5,271)
Cash flows from financing activities			
Interest paid		(893)	(944)
Repayments of amounts borrowed		(1,096)	(1,081)
		(1,989)	(2,025)
Increase/(decrease) in cash and cash equivalents in the year		6,041	(260)
Cash and cash equivalents at beginning of the year	20	16,478	16,738
Cash and cash equivalents at end of the year	20	22,519	16,478
		6,041	(260)



Notes to the Financial Statements

For the year ended 31 July 2018

	Note	2017/18 £'000	2016/17 £'000
1 Tuition fees and education contracts			
Full-time home and EU students		42,838	37,501
Full-time international students		3,010	3,365
Part-time students		528	582
Short course fees		505	703
Occupational and physiotherapy		2,585	3,612
		49,466	45,763
2 Funding body grants			
Recurrent grant			
Higher Education Funding Council / Office for Students		1,603	1,584
Specific grants			
Higher Education Funding Council / Office for Students		1,188	701
Capital grant		465	381
		3,256	2,666
3 Research grants and contracts			
Research councils		5	20
Research charities		60	5
Government (UK and overseas)		93	10
Industry and commerce		3	3
Other		40	32
		201	70
4 Other income			
Residences, catering and conferencing		9,668	8,799
Other income		1,648	1,848
		11,316	10,647
5 Investment income			
Investment income on endowments	18	–	–
Investment income on restricted reserves	19	–	–
Other interest received		54	50
		54	50

	Note	2017/18 £'000	2016/17 £'000
6 Donations and endowments			
New endowments	18	–	–
Donations with restrictions	19	13	85
		13	85

7 Staff costs			
Salaries		25,588	23,466
Social security		2,274	2,118
Other pension costs		4,932	4,683
		32,794	30,267

In 2017/18 the University spent £688,556 (2016/17: £482,023) on restructuring costs which were not fundamental in nature, in relation to 28 people (2016/17: 8 people). These costs are included in the staff costs above.

	2017/18 Number	2016/17 Number
Average weekly number of persons employed by the University during the period, expressed as full-time equivalents:		
Academic schools	277	269
Academic services	149	143
Administration and central services	164	158
Premises	70	68
Residence and catering	15	18
	675	656

	2017/18 £'000	2016/17 £'000
Emoluments of the Vice Chancellor:		
Salary	204	200
Bonus	3	–
Employer's pension costs	–	–
Total including pension costs	207	200

The Remuneration Committee (Vice Chancellor) is responsible for the review and approval of the remuneration and conditions of service of the University's Vice Chancellor. The Vice Chancellor does not sit on this Committee. In determining the remuneration of the Vice Chancellor, consideration is given to established independent sources of benchmark reward data for roles in comparable organisations. The Committee's approach to setting remuneration is with reference to market rates, benchmark information and the national pay award; and the factors used in considering reward proposals related to individual performance objectives in support of the University's strategic priorities. The University's Scheme for the Determination of Salary Increases and Performance Bonuses clearly establishes that decisions made will be subject to affordability each year and a limit is placed on the total value of non-consolidated bonuses.

One of the factors considered by the Remuneration Committee (Vice Chancellor) is the pay multiple of the Vice Chancellor's earnings against the median and mean of all staff. Drawing on data from the University Council for Educational Administration (UCEA) Senior Staff Remuneration survey, Higher Education Statistics Agency staff returns and the Office for National Statistics Annual Survey of Hours and Earnings, the UCEA has published sector-level multiples, with the average multiple in 2016/17 being 6.8:1. York St John compares favourably to this sector benchmark.

In 2017/18 the Vice Chancellor's basic pay was 6.5 times the median of basic pay of staff (basic pay). Calculated on a total remuneration basis the multiple was 6.0 including the waived bonus, and 5.8 excluding the waived bonus.

In 2017/18 the Vice Chancellor was awarded a bonus of £7,500 but waived £5,000 (2016/17 £10,000 awarded; £10,000 waived). The Vice Chancellor does not receive pension contributions from the University.

	2017/18 Number	2016/17 Number
Remuneration (basic pay) of other higher paid staff:		
£100,000 – £104,999	–	–
£105,000 – £109,999	–	–
£110,000 – £114,999	–	1
£115,000 – £119,999	–	–
£120,000 – £124,999	1	–
	2017/18	2016/17
Compensation for loss of office payable to a senior post-holder:		
Compensation payable recorded within staff costs (£'000)	–	271
Number of staff paid	–	2
2016/17: The amount related to compensation for loss of office and enhanced pension contributions.		
Remuneration payable to key management personnel (including employer's pension contribution)		
Remuneration recorded within staff costs (£'000)	1,144	1,223
Number of posts included within key management personnel	10	10

	Note	2017/18 £'000	2016/17 £'000
8 Interest and other finance costs			
Loan interest		893	932
Net charge on pension scheme	23	287	507
		1,180	1,439

9 Taxation

The Governing Body do not believe that the University is liable for any corporation tax arising out of its activities.

	2017/18 Staff £'000	2017/18 Non Staff £'000	2017/18 Total £'000	2016/17 Total £'000
10 Analysis of total expenditure by activity				
Academic departments	17,419	4,270	21,689	21,615
Academic services	4,621	4,183	8,804	7,783
Premises	2,014	5,529	7,543	7,763
Residences, catering and conferences	451	8,348	8,799	7,083
Research grants and contracts	129	46	175	44
Administration and central services	3,603	1,534	5,137	4,612
General educational expenditure	2,162	2,241	4,403	4,361
Staff and student facilities	2,395	1,454	3,849	3,874
	32,794	27,605	60,399	57,135

Other operating expenses include

External auditors remuneration in respect of:

Audit of accounts	38	41
Audit related assurance services	12	3
Other services	11	8
Internal auditors	34	46
Operating lease rentals:		
Land and buildings	3,464	3,263
Other	39	176

	Freehold Land and Buildings £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Computers £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
11 Fixed Assets							
Cost or valuation							
At 1 August 2017	126,459	156	2,668	5,440	4,737	661	140,121
Additions	741	13	137	392	740	917	2,940
Transfers	–	–	–	55	–	(55)	–
Impairments	–	–	–	(60)	(54)	–	(114)
Disposals	(160)	(15)	–	–	–	–	(175)
At 31 July 2018	127,040	154	2,805	5,827	5,423	1,523	142,772
Depreciation							
At 1 August 2017	6,316	83	1,770	3,856	3,391	–	15,416
Charge for the year	3,285	25	195	687	564	–	4,756
Transfers	–	–	–	–	–	–	–
Impairments	–	–	–	(60)	(54)	–	(114)
Disposals	(5)	(15)	–	–	–	–	(20)
At 31 July 2018	9,596	93	1,965	4,483	3,901	–	20,038
Net book value							
At 31 July 2018	117,444	61	840	1,344	1,522	1,523	122,734
At 31 July 2017	120,143	73	898	1,584	1,346	661	124,705

Included in depreciation of freehold land and buildings is £1.1m for accelerated depreciation of student accommodation on the Lord Mayor's Walk site to reflect its shortened expected useful life.

12 Subsidiary undertakings

The University has a wholly owned subsidiary undertaking in Malaysia, York SJ Sdn. Bhd which was placed into liquidation on 18 August 2017. This company co-ordinated student recruitment in the Far East; it commenced activities in December 2011 and ceased activities in April 2017. The University owns 2 shares of 1 MYR each, which translates to an investment of approximately 40p.

	2017/18 £'000	2016/17 £'000
13 Stock		
General consumables	20	23
	20	23
14 Trade and other receivables		
Trade debtors	1,763	1,674
Subsidiary Company: York SJ Sdn. Bhd.	–	(4)
Prepayments and accrued income	1,234	691
	2,997	2,361
15 Creditors : amounts falling due within one year		
Unsecured loans	1,123	1,096
Trade payables	1,096	1,237
Social security and other taxation payable	693	704
Accruals and deferred income	4,531	3,862
	7,443	6,899
16 Creditors : amounts falling due after more than one year		
Unsecured loans: amounts payable in		
1 to 2 years	1,148	1,123
2 to 5 years	3,618	3,529
More than 5 years	14,735	15,972
	19,501	20,624
Lease accrual – City Residence	886	937
Deferred income	468	513
	20,855	22,074

The University has a 25-year loan facility of £13m on a fixed interest rate due to be repaid in July 2033, a loan of £12m on a variable interest rate due to be repaid in October 2023 and a revolving credit facility of £10m which is currently undrawn. All loans are unsecured.

	Obligation to fund deficit on NYCC £'000	Enhanced Pensions £'000	Total Pensions Provisions £'000
17 Pension Provision			
At 1 August 2017	11,904	444	12,348
Utilised in year	–	–	–
Additions in year	–	7	7
Unused amounts reversed in year	(5,630)	–	(5,630)
At 31 July 2018	6,274	451	6,725

Defined benefit obligations relate to the liabilities under the University's membership of the Local Government Pension Scheme. Further details are given in Note 23. The enhanced pension provision relates to the cost of staff who have already left the University's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2018 Total £'000	2017 Total £'000
18 Endowment Reserves					
Balances at 1 August					
Capital	31	–	54	85	85
Accumulated income	–	–	–	–	–
	31	–	54	85	85
New endowments	–	–	–	–	–
Investment income	–	–	–	–	–
Expenditure	–	–	–	–	–
Endowment comprehensive income for the year	–	–	–	–	–
Balance as at 31 July	31	–	54	85	85
Represented by:					
Capital	31	–	54	85	85
Accumulated income	–	–	–	–	–
	31	–	54	85	85
Analysis by type of purpose:					
Scholarships and bursaries	31	–	–	31	31
General	–	–	54	54	54
	31	–	54	85	85

Endowment reserves are all held as cash & cash equivalents.

	Capital grants £'000	Donations £'000	2018 Total £'000	2017 Total £'000
19 Restricted Reserves				
Balances at 1 August	–	204	204	135
New grants	–	–	–	–
New donations	–	13	13	85
Investment income	–	–	–	–
Expenditure	–	(55)	(55)	(16)
Restricted comprehensive income for the year	–	(42)	(42)	69
Capital grants utilised	–	–	–	–
Balance at 31 July	–	162	162	204

	2017/18 £'000	2016/17 £'000
Analysis of other restricted funds/donations spent in the year by type of purpose:		
Scholarships and bursaries	54	13
Prize funds	1	–
General	–	3
	55	16

	At 1 August 2017 £'000	Cash Flows £'000	At 31 July 2018 £'000
20 Cash and cash equivalents			
Cash and cash equivalents	16,478	6,041	22,519
	16,478	6,041	22,519

	2017/18 £'000	2016/17 £'000
21 Capital and other commitments		
Provision has not been made for the following capital commitments at 31 July:		
Commitments contracted for	464	798
	464	798

			2018 £'000	2017 £'000
22 Operating Leases				
Operating lease rentals included in other operating expenditure:				
Land and buildings			3,464	3,263
Other			39	176
	Buildings	Equipment	2018	2017
	£'000	£'000	Total	Total
			£'000	£'000
At 31 July the University had minimum future lease payments under non-cancellable operating leases payable as follows:				
Within 1 year	3,797	40	3,837	3,509
2–5 years	6,831	10	6,841	8,718
After 5 years	298	1	299	529
	10,926	51	10,977	12,756

23 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 and the North Yorkshire Pension Fund (NYPF) for non-academic staff. These are independently administered schemes.

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

16.48% for academic staff

15.80% for non-academic staff

	2018 £'000	2017 £'000
Total pension costs included in staff costs for the year		
Teachers' Pension Scheme: contributions paid *	1,973	1,828
North Yorkshire Pension Fund: charge to Income & Expenditure Account	2,943	2,713
North Yorkshire Pension Fund: early retirement recharge	–	216
Enhanced pension charged to the Income & Expenditure Account	65	(72)
	4,981	4,685

* Due to the mutual nature of the schemes it is not possible to identify each institution's share of the underlying liabilities and assets of the Teachers' Pension Scheme. Under FRS 102(28) contributions to each scheme are to be accounted for as if both were defined contribution schemes. As a result the amount charged to the Income & Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

North Yorkshire Pension Fund: non-academic staff

The North Yorkshire Pension Fund is administered by North Yorkshire County Council as part of the Local Government Pension Scheme.

i) The 2016 valuation

The North Yorkshire Pension Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The 2016 valuation was based on the following assumptions:

	Per annum 2016	Per annum 2013
Rate of salary increase	3.25%	4.10%
Rate of increase of present value and future pensions	2.00%	2.60%

The actuarial valuation showed the market value of the scheme's assets was £2,418 million (2013: £1,841 million) and that the actuarial value of these assets represented 90% (2013: 73%) of the past service benefits that has accrued to members after allowing for expected increases in earnings.

ii) FRS 102 valuation as at 31 July 2018

Under the definitions set out in FRS 102, the North Yorkshire Pension Fund 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 31 July 2018.

It is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 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 31 July 2018.

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.

		Start of the year	End of the year
The actuarial assumptions made for this valuation were:			
Rate of inflation		2.00%	2.10%
Rate of increase in salaries		3.25%	3.35%
Rate of increase in pensions		2.00%	2.10%
Discount rate		2.60%	2.80%
Life expectancies			
Retired today	Males	22.8	22.9
	Females	26.3	26.4
Retiring in 20 years	Males	25.0	25.1
	Females	28.6	28.7

	2017/18 £'000	2016/17 £'000
iii) The results of the FRS 102 valuation at 31 July 2018, included in the Financial Statements		
Charges to Income & Expenditure Account		
Staff Costs		
Current service costs	2,733	2,713
Past service costs	210	–
	2,943	2,713
Interest Payable		
Interest Income on Assets	(1,490)	(1,184)
Interest on pension liabilities	1,777	1,691
	287	507
Movement in the deficit during the year		
Deficit in the scheme at 1 August	11,904	21,877
Current service costs	2,733	2,713
Employer contributions	(1,762)	(1,583)
Curtailement costs	–	–
Past service cost	210	–
Net interest / return on assets	287	507
Actuarial loss/ (gain)	(7,098)	(11,610)
	6,274	11,904
Analysis of the movement in the present value of the scheme liabilities		
At the beginning of the year	68,893	71,178
Current service costs	2,733	2,713
Interest costs	1,777	1,691
Contributions by scheme participants	616	635
Past service cost	210	–
Benefits paid	(1,755)	(2,161)
Actuarial loss/ (gain)	(1,101)	(5,163)
	71,373	68,893
Analysis of the movement in the market value of scheme assets		
At the beginning of the year	56,989	49,301
Expected return on pension scheme assets	1,490	1,184
Contributions by employer	1,762	1,583
Contributions by scheme participants	616	635
Benefits paid	(1,755)	(2,161)
Actuarial (loss)/ gain	5,997	6,447
	65,099	56,989

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2012. The valuation report was published by the Department for Education on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.

The assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable at some point in 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,973,000 (2016/17: £1,829,000).



24 Related party transactions

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 the 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.

Relevant transactions which have been identified as requiring disclosure are as follows:

Related party	Income		Expenditure		Debtor/(creditor) at 31st July	
	2018	2017	2018	2017	2018	2017
Askham Bryan College	155	–	9,162	1,990	186	–
Changing Lives	–	–	1,682	–	–	–
Church of England Diocese of York	3,000	800	–	–	–	800
Good Governance Institute	35	–	–	–	–	–
Laurence Sterne Trust	–	–	250	250	–	–
Make it York	1,242	1,009	3,006	30,769	–	–
Poppleton Road Primary School	–	–	300	–	–	–
QED Foundation	–	–	5,000	–	–	–
Royal Television Society (Yorkshire) Centre	–	–	3,700	2,400	–	–
UCAS	–	–	98,957	72,140	(4,920)	–
York Citizens Theatre Trust	–	–	4,560	7,986	–	–
York College	140,040	142,800	24,553	2,600	66,815	–
York Guildhall Orchestra	–	–	6,000	6,000	–	–
York Minster School	1,142	83	–	–	350	335
Yorkshire Film Archive	23,106	17,442	15,000	15,000	7,296	1,625
York St John Students' Union	487,745	475,139	509,550	587,267	28,442	42,545

The University made a grant to the York St John Students' Union of £471,000 (2017: £465,000).

The total expenditure incurred and expenses claimed by seven Governors and External Committee members amounted to £3,413 paid relating to travel, subsistence and accommodation.

25 Events after the Balance Sheet date

There are no events after the Balance Sheet date to disclose. The accounts were authorised for issue on 15 November 2018 by the Governing Body.



