Financial Statements 2006-2007

York St John University
Financial Statements for the year ended 31st July 2007

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University Information

Governors

Trustee Governors		Date of Appointment	Date of Expiry of Office
Representative of the Lord Archbishop of York	Prof Gerald J Pillay	March 2007	31/08/2010
Diocese of Bradford	Fiona Beevers	01/09/2005	31/08/2008
Diocese of Ripon & Leeds	Dr Richard Byrn	01/09/2000	31/08/2009
Diocese of York	Rt Revd David Smith	01/09/2003	31/08/2009
Diocese of Wakefield	Revd Paul Wilcock	01/09/2000	31/08/2009
General Synod Board of Education	Vacancy		
Association of the Colleges of Ripon & York St John	Judith Hewitt	01/09/2007	31/08/2010
6 restricted co-options (members of the Church of England or a Church in communion with it)	Robin Guthrie	01/09/2003	31/08/2009
	Robin Hall	01/09/2000	31/08/2009
	John Finnigan	01/09/2005	31/08/2008
	Diana Gant	01/09/2005	31/08/2008
	Philip Williamson	01/09/1999	31/08/2008
	Paul Murphy	01/09/2006	31/08/2008
Governors			
University of Leeds	Prof Peter McWilliam	01/09/2003	31/08/2009
Vice Chancellor (ex-officio)	Prof Dianne Willcocks	ex officio	
Staff Governor	Vacancy		
Staff Governor	Pauline Kollontai	01/09/2005	31/08/2008
Staff Governor	Vacancy		
Student Governor (President of Students' Union)	Luke Hogarth	ex officio	
North Yorkshire County Council	Cllr Roger Harrison-Topham	01/09/2001	31/08/2010
City of York Council	Cllr Roger Pierce	01/09/2007	31/08/2010
4 unrestricted co-options	Vicky Biles	01/09/2006	31/08/2009
	Gurdeep Kaur Chadha	01/09/2005	31/08/2008
	Jane Hanstock	01/09/2006	31/08/2009
	Vacancy		

Vice Chancellor	Prof Dianne M. Willcocks, BSc, DipM, FRSA
Deputy Vice Chancellor	Prof David Maughan Brown, BA, MA, D.Phil
Clerk to the Governors	Janet Lookcr
Director of Finance	John Gallacher BA, FCA

Bankers	External Auditors	Internal Auditors	Solicitors	Corporate Office
Barclays Bank plc Parliament Street York YO1 1XD	KPMG LLP 1 The Embankment Leeds LS1 4DW	GTI Grant Thornton St George House 40 Great George Street Leeds LS1 3DQ	Langleys Queens House Micklegatc York YO1 6WG	Lord Mayor's Walk York YO31 7EX

Status

A Church of England voluntary University. A charitable trust, registered charity number 529589

Report of the Vice Chancellor and Chair of Governors

The University, a registered charity, provides a wide range of higher and further education courses for undergraduate, postgraduate and professional students. It also undertakes research and consultancy on related topics.

York St John Endowment, a company limited by guarantee and a registered charity, is the corporate trustee of the University. It has responsibility for the oversight of the University, and a specific role and responsibility in respect of overseeing the endowments of the University.

The University is an unincorporated charitable trust with a wholly owned trading subsidiary, York St John Enterprises Ltd, the results of which are included in the consolidated accounts. The Group's 25% interest in Knowledge Base (UK) Limited (2006: 25%) has not been treated as an associated undertaking as the Governing Body of the University do not consider that they exercise significant influence over its operations. The financial statements exclude the results for the York St John Students' Union, which is a separate organisational entity. Following the achievement of University status in July 2006 the institution changed its name from York St John University College from 1st October 2006.

Results for the Year

Overview

The University's consolidated income and expenditure are summarised as follows:

	2006/07 £000	2005/06 £000
Income	33,273	29,614
Expenditure	31,507	27,124
Surplus on Continuing Activities After Depreciation of Assets at Valuation and Before Tax	1,766	2,490
Profit /(Loss) on Disposal of Fixed Assets	(3)	(1)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, Before Tax	1,763	2,489
Taxation	(32)	(42)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax	1,731	2,447
Transfer to endowments	(36)	(28)
Surplus for the Year Retained Within General Reserves	1,695	2,419

The University is reporting a surplus of income over expenditure of £1.8m for the year ended 31st July 2007 (2006:£2.5m).

The cash position of the University remains healthy, showing a balance of £10.1m (2006: £9.3m).

Income and Expenditure

Overall, income has increased by 12% from last year to reach £33m. This includes an increase in funding council grants of 17%, and an increase in tuition fees of 16.5% following the introduction of the new fee structure.

Expenditure has increased from the previous year by 16% to £31m. The historical cost surplus is £1.9m, reduced from £2.5m last year.

Cash

There was a net cash inflow from operating activities of £3.4 million, compared to the previous year's net cash inflow of £6 million. There was an outflow for the capital investment of £3.5m (2006: £3.6m).

York St John Enterprises Limited

The consolidated financial statements include the University's wholly owned trading subsidiary, York St John Enterprises Ltd (the Company). The Company runs conferencing activities of the University group.

During the year the Company managed the facilities in the Learning Centre, and the Sports, Psychology & Health Building and General Teaching Block. There has been a long running dispute with HM Revenue & Customs over the VAT implications of Library Schemes. HM Revenue & Customs have offered a standard settlement across the Higher Education sector, which has been accepted by the York St John Group. As a result these activities will be undertaken by the University in the future. The exact amount of the settlement has yet to be determined, but it is significantly below the ongoing VAT costs of continuing the existing arrangements. The ownership of the three related buildings will be transferred to the University in the autumn of 2007.

Fixed assets

During the year, the refurbishment of the old chapel theatre as a Centre of Excellence in Teaching & Learning was completed at a cost of £2.5m. Work has begun to redevelop the former shop on Clarence Street corner as a base for the faculty of Health & Life Science, post graduate research, and Institutional Advancement. The building will also contain 20 new learning environments. The estimated cost of this project is £15.2m, and £1.4m of this is included in assets under the course of construction at 31st July 2007.

Financial Arrangements

Target surpluses meeting the requirements of funders and the needs of the University are reported in the Financial Forecasts to 2010-11 and are evaluated each year. The University financial target is to achieve a sustainable surplus of 3 to 5% of income.

The investment policy of the University states that in balancing risk against return, security of the University's funds is a higher priority than maximising interest earned. Funds are placed with institutions approved by the Strategy, Planning & Resources Committee, and a limit for deposits with individual institutions is reviewed regularly, based on a formula approved by that Committee.

Employees

The University uses a range of processes to ensure that staff are kept informed about matters of concern. Staff Forum meetings are held throughout the year for staff to engage in discussion on key issues, and all are invited to attend and may add items to the agenda. More frequent forms of communication include the regular staff newsletter "YorkTalk", emails sent to all staff, and the Vice Chancellor's update, which is distributed to all staff to communicate key information as required. Planning documents, including specific performance targets and indicators, & key financial information is published on the staff information point.

Regular formal consultation meetings are held with both academic and support trade unions to seek views on key issues such as changes to key policies and procedures. Specific consultation with staff is carried out as and when appropriate and ongoing discussion takes place within Faculties and Departments to develop plans and strategies.

The University has a comprehensive set of Policies and Procedures to ensure compliance with the requirements of legislation in the area of employing disabled people. The University holds the Two Ticks symbol and complies with the relevant requirements.

Student Involvement

Students' Union sabbatical officers sit on every University committee and working party in relation to the student experience, both academic and non-academic to ensure that the student voice is central to strategic and operational decision making. The Student Services Graduate Intern for Evaluation and Research of the Student Experience works closely with the Students' Union and reports to Academic Board via the Standing Committee on Evaluation.

The Programme Representative scheme allows the Students' Union and students themselves to be active in enhancing performance of the University. The Graduate Intern works closely with the Policy Planning and Performance Officer and students in analysing and exploring issues on the back of the National Student Survey and other internal research to improve subsequent performance of the University.

Staff running services for students work alongside the Students' Union to ensure that campaigns on issues of concern are both reactive and systematic throughout the year e.g. personal safety campaigns, information on new landlord legislation, credit awareness campaigns etc.

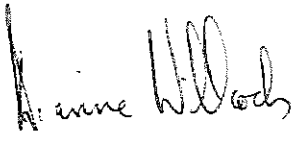
Insurance for Officers

The institution maintains insurance to cover:

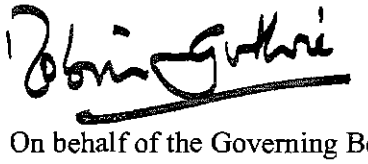
- legal liability for any wrongful act or omission resulting in a civil liability in the course of provision of education & training activities or related professional services
- loss due to fraud or dishonesty by an employee
- any actual or alleged act committed or attempted by any governor, director, council member, officer, trustee, or employee acting in a management or supervisory capacity solely by reason of serving in that capacity.

Conclusion

The accounts reflect an active and successful University with educational achievements underpinned by financial strength. The Governors wish to record their thanks for the hard work and commitment shown by all of the staff in achieving these results.



Professor Dianne Willcocks
Vice Chancellor
19th November 2007



On behalf of the Governing Body
Robin Guthrie
Pro Chancellor
19th November 2007

Corporate Governance Statement

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the revised "Combined Code on Corporate Governance" issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2007. The University has also had regard to the Committee of University Chairmen Governance Code of Practices. Practices are consistent with the provisions of the Code.

The Governing Body

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is of the view that:

- there is an ongoing process for identifying, evaluating and managing the university's significant risks,
- that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts,
- that it is regularly reviewed by the Governing Body, and
- that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

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

- Strategy, Planning and Resources,
- Nominations,
- Remuneration,
- Human Resources Development,
- Governance,
- Foundation, and
- Audit.

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

All governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to the Governing Body, who is responsible to the Governing Body for ensuring compliance with all applicable procedures and regulations. The appointment and removal of the Clerk are matters for the Governing Body as a whole.

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

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive

members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Governing Body

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

Remuneration Committee

The Remuneration Committee determines the remuneration of the University Senior Management Team (formerly Executive Group).

Audit Committee

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

Internal Control

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

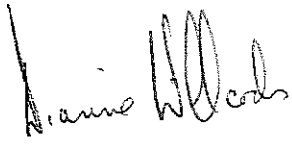
The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and from the Health and Safety Committee which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2007

meeting, the Governing Body carried out the annual assessment for the year ended 31st July 2007 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2007.

Going concern

After making appropriate enquiries, the Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.



Professor Dianne Willcocks
Vice Chancellor
19th November 2007

On behalf of the Governing Body
Robin Guthrie
Pro Chancellor
19th November 2007

Statement of Responsibilities of the University's Governing Body

In accordance with the University's Constitution, the Governing Body is responsible for the administration and management of the affairs of the University and Group, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and Group, and to enable it to ensure that the financial statements are prepared in accordance with the University's Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education (2003) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for England, the Governing Body of the University, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group, and of the surplus or deficit and cash flows for that period.

In preparing those financial statements, the Governing Body is required to:

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

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England (HEFCE), the Teacher Development Agency (TDA), and the Learning and Skills Council (LSC) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE, TDA or LSC may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and Group, and to prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

Professor Dianne Willcocks
Vice Chancellor
19th November 2007

On behalf of the Governing Body
Robin Guthrie
Pro Chancellor
19th November 2007

KPMG

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

We have audited the Group and University financial statements (the "financial statements") of York St John University for the year ended 31 July 2007 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with paragraph 12.4 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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Governing Body and Auditors

The University's Governing Body's responsibilities for preparing the Report of the Governors on the Accounts and the group financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on the previous page.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003). We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council. We also report to you whether in our opinion the Report of the Governors on the Accounts is consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governors on the Accounts and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes

examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2007 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recognised Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2007 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2007 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

KPMG LLP

KPMG LLP

19 November 2007

Chartered Accountants
Registered Auditor

Consolidated Income and Expenditure Account for the Year Ended 31st July 2007

	Note	2006/07 £ 000	2005/06 £ 000
INCOME			
Funding Council Grants	1	15,897	14,207
Tuition Fees and Educational Contracts	2	11,439	9,818
Research Grants and Contracts	3	37	40
Other Income	4	5,382	5,172
Endowment and Investment Income	5	518	377
TOTAL INCOME		33,273	29,614
EXPENDITURE			
Staff Costs	6	18,732	16,500
Other Operating Expenses	7	10,688	8,783
Depreciation	11	1,324	1,169
Interest Payable	8	763	672
TOTAL EXPENDITURE		31,507	27,124
Surplus on Continuing Activities After Depreciation of Assets at Valuation and Before Tax		1,766	2,490
Profit / (Loss) on Disposal of Assets		(3)	(1)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, and Disposal of Assets, but Before Tax		1,763	2,489
Taxation	9	(32)	(42)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax		1,731	2,447
Transfer to Endowments		(36)	(28)
Surplus for the Year Retained Within General Reserves	20	1,695	2,419

The consolidated income and expenditure account of the University and it's subsidiary relate wholly to continuing activities of the Group.

Consolidated Statement of Historical Cost Surpluses and Deficits for the Year Ended 31st July 2007

	Note	2006/07 £ 000	2005/06 £ 000
Surplus on Continuing Activities After Depreciation of Assets at Valuation and Disposal of Assets, but Before Tax		1,763	2,489
Difference Between Historical Cost Depreciation Charge and the Actual Depreciation Charge of the Year Calculated on the Revalued Amount	20	181	121
Realisation of property revaluation gains of previous years	21	-	-
Historical Cost Surplus Before Tax		1,944	2,610
Taxation	9	(32)	(42)
Historical Cost Surplus After Tax		1,912	2,568
Transfer to Endowments		(36)	(28)
Historical Cost Surplus After Tax Retained Within General Reserves		1,876	2,540

Statement of Total Recognised Gains and Losses for the Year Ended 31st July 2007

	Note	2006/07 £ 000	2005/06 £ 000
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax		1,731	2,447
Unrealised Surplus on Revaluation of Fixed Assets		-	10,700
Actuarial Gain / (Loss) in Respect of Pension Scheme		979	(184)
Transfer to endowments		(36)	(28)
Total gains and losses recognised since the last Financial Statement		2,674	12,935

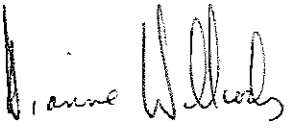
Reconciliation of Opening & Closing Reserves for the year ended 31st July 2007

	2006/07 £ 000
Opening reserves	
Income & Expenditure	19,168
Revaluation Reserve	27,457
	46,625
Total Recognised Gains for the Year	2,674
	49,299
Closing reserves	
Income and Expenditure Account	22,023
Revaluation Reserve	27,276
	49,299

Balance Sheets as at 31st July

	Note	Group 2007 £ 000	Group 2006 £ 000	University 2007 £ 000	University 2006 £ 000
Fixed Assets					
Tangible Assets	11	71,026	68,860	54,364	51,878
Investments	12	1	1	1	1
		71,027	68,861	54,365	51,879
Endowment Assets	13	225	189	225	189
Current Assets					
Stocks		31	24	24	24
Debtors Due Within One Year	14	2,502	1,778	2,937	2,212
Debtors Due After More Than One Year	14	-	-	12,066	12,769
Investments - Short Term Deposits		9,461	8,592	9,462	8,592
Cash at Bank and in Hand		685	757	617	701
Total Current Assets		12,679	11,151	25,106	24,298
Creditors: Amounts Falling Due Within One Year	15	(7,501)	(5,803)	(7,102)	(5,743)
Net Current Assets		5,178	5,348	18,004	18,555
Total Assets Less Current Liabilities		76,430	74,398	72,594	70,623
Creditors: Amounts Falling Due After More Than One Year	16	(10,300)	(11,110)	(10,544)	(11,341)
Provisions for Liabilities and Charges	17	(1,118)	(1,114)	(847)	(875)
Net assets excluding pension asset / (liability)		65,012	62,174	61,203	58,407
Net pension asset / (liability)	30	(4,363)	(4,975)	(4,363)	(4,975)
NET ASSETS including pension asset / (liability)		60,649	57,199	56,840	53,432
Represented by:					
Deferred Capital Grants	18	11,125	10,385	11,125	10,385
Specific Endowments	19	225	189	225	189
Reserves					
Income and Expenditure Account excluding pension reserve	20	26,386	24,143	26,606	24,444
Pension reserve	30	(4,363)	(4,975)	(4,363)	(4,975)
Income and Expenditure Account including pension reserve	20	22,023	19,168	22,243	19,469
Revaluation Reserve	21	27,276	27,457	23,247	23,389
Total reserves		49,299	46,625	45,490	42,858
TOTAL FUNDS		60,649	57,199	56,840	53,432

The Financial Statements on pages 12 to 36 were approved by the Governors on 19th November 2007 and signed on their behalf by :



Robin Guthrie, Pro Chancellor **Professor Dianne Willcocks, Vice Chancellor**

Consolidated Cash Flow Statement for the Year Ended 31st July 2007

	Note	2006/07 £ 000	2005/06 £ 000
Net Cash (Outflow) / Inflow from Operating Activities	23	3,384	6,050
Returns on Investments and Servicing of Finance	24	(245)	(295)
Capital Expenditure and Financial Investment	25	(2,570)	(1,030)
Cash Inflow / (Outflow) Before Use of Liquid Resources and Financing		569	4,725
Management of Liquid Resources		(869)	(4,913)
Financing	26	264	(189)
Increase / (Decrease) in Cash		(36)	(377)

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

	Note	2006/07 £ 000	2005/06 £ 000
Increase / (Decrease) in Cash in the Year		(36)	(377)
Increase / (Decrease) in Short Term Deposits		869	4,913
Repayment of Debt	26	549	200
New Loans Acquired and Interest Added to Loans	27	(813)	(11)
Decrease/ (Increase) in Net Debt		569	4,725
Net Funds / (Debt) at 1st August 2006	27	(1,687)	(6,412)
Net Funds / (Debt) at 31st July 2007		(1,118)	(1,687)

Statement of Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards. They have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003). Due to its status as a registered charity, the University has also taken consideration of the Statement of Recommended Practice: Accounting and Reporting by Charities and the Charities Act.

Basis of Consolidation

The consolidated financial statements include the financial statements of the University and its subsidiary undertaking, York St John Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2 the activities of the Students' Union have not been consolidated because the Governing Body do not consider that the University has any financial interest, control or significant influence over policy decisions.

Recognition of income

Income from research grants, contracts, and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned

Income from specific endowments and donations is credited to the income and expenditure account in the period in which it arises. Income from specific endowments is expended in accordance with the restrictions of the endowment. Any such income not expended in the year is transferred from the income & expenditure account to specific endowments.

Income from short-term deposits is accrued up to the balance sheet date.

The recurrent grant from the Higher Education Funding Council for England and the Training and Development for Schools Agency represents the funding allocation, which is attributable to the current financial year and is credited direct to the income and expenditure account.

Non-recurrent grants from the Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Tuition fees represent student fees received and receivable attributable to the current accounting period.

The University acts as an agent in the collection and payment of bursaries and expenses for nursing students from the NHS Workforce Development Confederation, in the collection and payment of training bursaries from the Training and Development for Schools Agency and of Access Funds from the Higher Education Funding Council for England. Related payments received from Health Authorities, the Training and Development for Schools Agency and the Higher Education Funding Council for England and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 31.

Maintenance of Premises

The University has a five-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Provisions

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

Taxation

The University is registered under the Charities Acts and is exempt from Income Tax and Corporation Tax on its charitable activities. All irrecoverable VAT on purchases is included under the relevant expenditure heads.

Pension Costs

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

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

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

Enhanced pensions

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

Fixed Assets

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

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

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

Library collections are being depreciated over the expected useful life of 10 years. Books that are not purchased as part of a collection are written off in the year of purchase.

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

- between three and five years for equipment
- ten years for fixtures & fittings

Items costing less than £5k per individual item are written off to the Income and Expenditure account in the year of acquisition. All other equipment is capitalised at cost.

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

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

Investments

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

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

Stocks

Stocks are stated at the lower of cost or net realisable value. Stocks held in academic departments are written off to the Income and Expenditure Account in the year of purchase.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the organisation's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discountable basis.

Leased assets

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

Notes to the Financial Statements

1 Funding Council Grants

	HEFCE £ 000	2006/07 TDA £ 000	Total £ 000	2005/06 Total £ 000
Recurrent Grant	10,966	3,504	14,470	12,639
Specific Grants	1,200	44	1,244	1,445
Deferred Capital Grants:				
Buildings (note 18)	95	-	95	77
Equipment (note 18)	78	10	88	46
Total	12,339	3,558	15,897	14,207

2 Tuition Fees and Educational Contracts

	2006/07 £ 000	2005/06 £ 000
Home Full-time Students	5,419	3,855
Overseas Students	1,600	1,695
Part-time Students	512	524
Short Course Fees	280	251
Occupational Therapy & Physiotherapy Students	3,628	3,493
Total	11,439	9,818

3 Research Grants and Contracts

	2006/07 £ 000	2005/06 £ 000
Other Grants	37	40
Total	37	40

4 Other Income

	2006/07 £ 000	2005/06 £ 000
Residences, Catering and Conferences	3,526	3,500
Other Services Rendered	609	398
Releases from deferred capital grants (non funding council)	1	1
Other Income	1,246	1,273
Total	5,382	5,172

5 Endowment and Investment Income

	2006/07 £ 000	2005/06 £ 000
Income from Endowments	10	8
Other Interest Receivable	508	369
Total	518	377

6 Staff Costs

	2006/07 £ 000	2005/06 £ 000
Wages and Salaries	15,415	13,750
Social Security	1,165	1,014
Other Pension Costs (including FRS17 adjustments, see note 30)	2,152	1,736
Total	18,732	16,500

Average Weekly Number of Persons Employed by the University Group During the Period, Expressed as Full Time Equivalents	**Number**	**Number**
Academic Faculties	254	232
Academic Services	69	58
Administration & Central Services	110	112
Premises	60	71
Residence & Catering	16	6
Total	509	479

The emoluments of the Vice Chancellor during the year were:

	2006/07 £	2005/06 £
Emoluments	136,836	113,558
Pension costs	18,952	15,330
	155,788	128,888

Remuneration (excluding pension contributions) of Higher Paid Staff, including the Vice Chancellor

£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-
£100,000 - £110,000	-	-
£110,000 - £120,000	-	1
£120,000 - £130,000	-	-
£130,000 - £140,000	1	-
	3	3

7 Other Operating Expenses

	2006/07 £ 000	2005/06 £ 000
Residence and Catering Consumables	849	729
Academic Consumables	3,826	2,873
Books and Periodicals	525	495
Heat, Light and Water	580	597
Repairs and General Maintenance	1,205	1,223
Grant to Students' Union	206	212
Rents	1,181	1,191
Auditors' Remuneration:		
External (subsidiary company £2,911, 2006: £2,415)	28	24
Internal (subsidiary company nil, 2006: nil)	68	17
Other	2,220	1,422
Total	10,688	8,783

8 Interest Payable

	2006/07 £ 000	2005/06 £ 000
Bank Loans Wholly Repayable Within Five Years	-	-
Other Loans Wholly Repayable Within Five Years	12	11
Bank Loans Repayable in More Than Five Years	643	647
Pension finance costs (note 30)	108	14
	763	672

Other Loans Wholly Repayable Within Five Years represents an unsecured loan from the Church of England Board of Finance, repayable in March 2008.

9 Taxation (Group only)

	2006/07 £ 000	2005/06 £ 000
UK corporation tax at 19% (2006: 19%):	-	-
Deferred taxation: origination and reversal of timing differences (see note 17)	32	42
Total tax on profit / (loss) on ordinary activities	32	42

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

10 Analysis of Expenditure by Activity

	Staff Costs £ 000	Dep'n £ 000	Other Expenses £ 000	Interest Payable £ 000	2006/07 Total £ 000	2005/06 Total £ 000
Academic Departments	10,779	503	2,270	-	13,552	11,988
Academic Services	2,084	341	1,803	-	4,228	3,417
Research Grants and Contracts	337	-	148	-	485	411
Residences, Catering & Conferences	345	57	1,408	-	1,810	1,783
Premises	1,398	419	1,902	263	3,982	3,740
Administration:						
Central & Administration Services	1,977	2	766	194	2,939	2,548
General Educational Expenditure	923	1	1,985	214	3,123	1,976
Staff & Student Facilities	889	1	406	92	1,388	1,261
Total for 2006/07	18,732	1,324	10,688	763	31,507	27,124
Total for 2005/06	16,500	1,169	8,783	672		

The depreciation charge has been funded by :

	2006/07 £ 000	2005/06 £ 000
Deferred Capital Grants Released (Note 18)	183	123
Revaluation Reserve Released (Note 21)	181	121
General Income	960	925
Total Funding of Depreciation	1,324	1,169

11 Tangible Fixed Assets

GROUP	Freehold Land and Buildings £ 000	Equipment £ 000	Total £ 000
Valuation/Cost			
At 1st August 2006			
Valuation	59,716	-	59,716
Cost	6,575	5,484	12,059
Additions at cost	2,498	1,010	3,508
Surplus on revaluation	-	-	-
Disposals	-	(25)	(25)
At 31st July 2007			
Valuation	59,716	-	59,716
Cost	9,073	6,469	15,542
	68,789	6,469	75,258
Depreciation			
At 1st August 2006	-	2,915	2,915
Charge for Year	590	734	1,324
On revaluation	-	-	-
Disposals	-	(7)	(7)
Depreciation at 31 July 2007	590	3,642	4,232
Net Book value			
At 31 July 2007	68,199	2,827	71,026
At 1st August 2006	66,291	2,569	68,860
Financed by:			
Capital grant	10,322	803	11,125
Other	57,877	2,024	59,901
Net Book value at 31st July 2007	68,199	2,827	71,026

11 Tangible Fixed Assets (continued)

University ONLY	Freehold Land and Buildings £ 000	Equipment £ 000	Total £ 000
Valuation/Cost			
At 1st August 2006			
Valuation	43,799	-	43,799
Cost	6,427	3,851	10,278
Additions at cost	2,497	987	3,484
Surplus on revaluation	-	-	-
Disposals	-	(26)	(26)
At 31st July 2007			
Valuation	43,799	-	43,799
Cost	8,924	4,812	13,736
	52,723	4,812	57,535
Depreciation			
At 1st August 2006	-	2,199	2,199
Charge for Year	423	557	980
On revaluation	-	-	-
Disposals	-	(8)	(8)
Depreciation at 31st July 2007	423	2,748	3,171
Net Book value			
At 31st July 2007	52,300	2,064	54,364
At 1st August 2006	50,226	1,652	51,878
Financed by:			
Capital grant	10,322	803	11,125
Other	41,978	1,261	43,239
Net Book value at 31st July 2007	52,300	2,064	54,364

Since the implementation of the new Charity Scheme in July 2003, all the land & buildings of the University have become endowment assets.

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

	2007 £ 000	2006 £ 000
Freehold buildings	1,494	1,431

Buildings were revalued on an existing use basis by Nigel Taylor FRICS of Taylor York Commercial Limited on 31st July 2006, in accordance with the RICS Appraisal and Valuation Manual.

The Governing Body are not aware of any material change in the value and therefore the valuation(s) have not been updated.

11 Tangible Fixed Assets (continued)

The revalued buildings include notionally directly attributable acquisition costs of £4,219k (2006: £4,219k) relating to irrecoverable VAT.

The historical cost of assets held at valuation is £35.2m (2006: £35.2m).

The land used for the buildings currently owned by York St John Enterprises Limited was leased to the company by the Trustees.
Under the terms of the library scheme settlement offered by HM Revenue & Customs, these buildings are being transferred to the University in autumn 2007.

12 Investments - University and Group

	2007 £ 000	2006 £ 000
UK Fixed Interest Stocks	-	-
UK unlisted shares	1	1
UK Fixed Interest and Equities at Cost	1	1

	York St John Enterprises Ltd	Knowledge Base (UK) Ltd
Activity	Trading activities to support the University	Managing projects for Learndirect
Nominal value - ordinary shares	£1	£1,000
Holding	100%	25%
Incorporated in	England and Wales	England and Wales
Operating in	UK	UK

13 Endowment Assets - University and Group

	2007 £ 000	2006 £ 000
Cash	225	189

The above investments are held by the following funds:	2007 £ 000	2006 £ 000
Prizes	17	18
Hardship	72	49
York Settlement Trust	86	94
Other funds	50	28
	225	189

14 Debtors

	Group		University	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Amounts Falling Due Within One Year:				
Student Tuition & Residence Fees	1,215	1,254	1,215	1,254
York St. John Enterprises Ltd	-	-	703	754
Other Debtors	468	331	288	13
Prepayments & Accrued Income	819	193	731	191
	2,502	1,778	2,937	2,212
Amounts Falling Due After One Year:				
York St. John Enterprises Ltd	-	-	12,066	12,769
	-	-	12,066	12,769

The loan to the University Trust's trading subsidiary, York St John Enterprises Limited, is secured by a charge over the leasehold property of the company.

Interest at a commercial rate began to be payable in September 2003, when the Learning Centre and Sports, Psychology and Health Building, were completed. The loan is repayable over 25 years.

15 Creditors: Amounts Falling Due Within One Year

	Group		University	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Mortgages and Unsecured Loans	1,350	549	1,350	549
Other Loans	253	-	253	-
Payments Received on Account	231	176	223	165
Other Creditors	1,213	735	1,205	734
Social Security and Other Taxation	762	622	401	622
Accruals & Deferred Income	3,692	3,721	3,547	3,662
York St. John Enterprises Ltd	-	-	123	11
	7,501	5,803	7,102	5,743

16 Creditors: Amounts Falling Due After More Than One Year

	Group		University	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Mortgages Secured on Residential and Other Property:				
Amounts repayable in:				
Less than 2 years	549	1,098	549	1,098
2 to 5 years	1,648	2,197	1,648	2,197
More than 5 years	7,689	7,140	7,689	7,140
Unsecured Loans:				
Central Board of Finance:				
Repayable in 2 to 5 years	-	241	-	241
Amounts due under Operating Lease	414	434	658	665
	10,300	11,110	10,544	11,341

The University pays interest on its Barclays loan (£10.4m) at LIBOR plus 0.5875% (2006: 0.5875% on £10.9m).

The University has a Swap under which it pays the Barclays Capital Swaps Receives rate (cap to 31st July 2019 at 5.39%), less Barclays Capital Swaps Pays rate on 75% of the loan (2006: 75% of the loan).

The amounts above represent a mortgage with Barclays Mercantile, secured with legal charges over certain properties on the York campus.

17 Provisions for Liabilities and Charges

	Enhanced Pensions (University only)	Deferred Taxation (Subsidiary company only)	Total (Group)
	£ 000	£ 000	£ 000
At 1st August 2006	875	239	1,114
Utilised in Year	(28)	-	(28)
Transferred from Income & Expenditure Account	-	32	32
Balance at 31st July 2007	847	271	1,118

The provision for deferred tax comprises:

Accelerated capital allowances	271

18 Deferred Capital Grants - University and Group

	Buildings £ 000	Equipment £ 000	Total £ 000
Balance at 1st August 2006	10,030	355	10,385
Received in Year	387	536	923
Transferred to Income & Expenditure Account	(95)	(88)	(183)
Balance at 31st July 2007	10,322	803	11,125
Capital grants were provided by:	**£ 000**	**£ 000**	**£ 000**
Higher Education Funding Council for England	10,207	793	11,000
Training and Development for Schools Agency	-	10	10
Students' Union	115	-	115
	10,322	803	11,125

19 Specific Endowments - University and Group

	Total £ 000
At 1st August 2006	189
Transferred from Income & Expenditure Account	36
At 31st July 2007	225
Representing:	
Prizes	17
Hardship	72
York Settlement Trust	86
Other funds	50
	225

Following the implementation of the new Charity Scheme in July 2003, all the land & buildings became endowment assets.

20 Income and Expenditure Account Reserve

	2007		2006	
	Group £ 000	University £ 000	Group £ 000	University £ 000
Balance at 1st August 2006	19,168	19,469	16,812	17,337
Surplus for the Year	1,695	1,653	2,419	2,196
Actuarial Gain / (Loss) in Respect of Pension Scheme	979	979	(184)	(184)
Transfer from Revaluation Reserve re disposal	-	-	-	-
Release from Revaluation Reserve	181	142	121	120
Balance at 31st July 2007	22,023	22,243	19,168	19,469
Balance represented by:				
Income and Expenditure Account	26,386	26,606	24,143	24,444
Pension Reserve	(4,363)	(4,363)	(4,975)	(4,975)
	22,023	22,243	19,168	19,469

Surplus for the Year is analysed as follows:

University's surplus for the period.	1,653	2,196
Surplus generated by subsidiary undertakings and transferred to the University by Gift Aid	11	-
Surplus retained by subsidiary	31	223
	1,695	2,419

21 Revaluation Reserve

	2007 Group £ 000	2007 University £ 000	2006 Group £ 000	2006 University £ 000
Revaluations				
At 1st August 2006	27,457	23,389	16,878	16,809
Add: Surplus on Revaluation	-	-	9,528	5,777
Add: Depreciation reversed on Revaluation	-	-	1,172	923
Less: Disposal of Tangible Assets	-	-	-	-
Less: Contribution to depreciation for the year	(181)	(142)	(121)	(120)
At 31st July 2007	27,276	23,247	27,457	23,389
Represented by:				
Endowment fixed assets (University assets)	23,247	23,247	23,389	23,389
Other fixed assets (Subsidiary's assets)	4,029	-	4,068	-
	27,276	23,247	27,457	23,389

22 Capital Commitments

	2007		2006	
	Group £ 000	University £ 000	Group £ 000	University £ 000
Commitments Contracted	9,694	9,694	1,727	1,727

Commitments have increased due to the redevelop of the former shop on Clarence Street corner as a base for the faculty of Health & Life Science, post graduate research, and Institutional Advancement.

23 Reconciliation of Consolidated Operating Activities

	2007 £ 000	2006 £ 000
Surplus before tax on continuing operations after depreciation of assets at valuation or cost and disposal of asset	1,763	2,489
Depreciation	1,324	1,169
Deferred Capital Grants Released	(183)	(123)
Endowment and Investment Income	(518)	(377)
(Profit) /Loss on Sale of Assets	3	1
Interest Payable	763	672
Pension costs less contributions payable (notes 6, 8, & 30)	367	(57)
Decrease/(Increase) in Stocks	(7)	7
Decrease/(Increase) in Debtors	(724)	2,287
(Decrease)/Increase in Creditors	624	(14)
(Decrease)/Increase in Provisions	(28)	(4)
Net Cash (Outflow) / Inflow from Operating Activities	3,384	6,050

24 Returns on Investments and Servicing of Finance

	2007 £ 000	2006 £ 000
Income from Endowments	10	8
Other Interest Received	508	369
Interest Paid	(763)	(672)
	(245)	(295)

25 Capital Expenditure and Financial Investment

	2007 £ 000	2006 £ 000
Tangible Assets acquired	(3,508)	(3,649)
Receipts from Sale of Assets and investments	15	34
Deferred Capital Grants received	923	2,585
	(2,570)	(1,030)

26 Analysis of Changes in Group Financing During the Year

	2007 £ 000	2006 £ 000
Mortgages and Loans		
Balance at 1st August 2006	11,225	11,414
Accrued Interest added to Loan	12	11
New Loans	801	-
Capital Repayments	(549)	(200)
Net Amount (Repaid)/Acquired in Year	264	(189)
Balance at 31st July 2007	11,489	11,225

27 Analysis of Changes in Net Debt / Funds

	At 1st August 2006 £ 000	Cash Flow £ 000	Other Changes £ 000	At 31st July 2007 £ 000
Endowment Cash	189	36	-	225
Cash at Bank and In Hand	757	(72)	-	685
Short Term Deposits	8,592	869	-	9,461
Debt due within one year	(549)	549	(1,603)	(1,603)
Debt due after one year	(10,676)	-	790	(9,886)
	(1,687)	1,382	(813)	(1,118)

28 Operating Lease Commitments

In the year to 31st July 2002, the University Trustees granted two 99 year operating leases to it's subsidiary company on two parcels of land.

The total received of £700,000 is being released to the income & expenditure account over the life of the leases. The total included in creditors at 31st July 2007 is £664,647 (2006: £671,717.)

The subsidiary will discontinue the operation of the library & sports trades, which will be transferred to the University in the autumn of 2007. The associated buildings are being sold to York St John University at open market value.

Commitments on operating leases can be analysed as follows:

	2007			2006		
	Buildings £ 000	Equipment £ 000	Total £ 000	Buildings £ 000	Equipment £ 000	Total £ 000
Within one year	-	83	83	-	104	104
2-5 years	40	-	40	-	83	83
After 5 years	442	-	442	305	-	305
	482	83	565	305	187	492

29 Contingent liability

The University from time to time receives claims from contrators re construction contracts. Amounts due at the year end cannot be estimated reasonably and managament believe that they are not material to the Financial Statements.

30 Pensions

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

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

13.5% for academic staff
13.8% from 1st April 2006 for ancillary staff who contribute 5% of their salary
13.8% from 1st April 2006 for other non-academic staff

30 Pensions (continued)

Total pension costs included in staff costs for the year	£ 000	£ 000
Teachers Pension Scheme: contributions paid	1,087	941
Church of England Pension Scheme: contribuitions paid	4	4
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account (Note 30a)	1,023	729
Enhanced pension charged to the Income & Expenditure account	38	62
	2,152	1,736

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

30a North Yorkshire County Council Superannuation Fund: non academic staff

i) The 2004 valuation

The North Yorkshire County Council Superannuation Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The latest actuarial assessment of the North Yorkshire County Council Superannuation Fund available was at 31st March 2004. That assessment was based on the following assumptions:

	Per annum
Investment returns pre retirement	6.6%
Investment returns post retirement	5.10%
Rate of salary increase	4.55%
Rate of increase of present & future pensions	2.80%

The actuarial valuation showed the market value of the scheme's assets was £765.8 million and that the actuarial value of these assets represented 59.4% of the past service benefits that has accrued to members after allowing for expected increases in earnings.

ii) The valuation as at 31st July 2007

Information has been obtained from the North Yorkshire County Council Superannuation Fund for non-academic staff, and is set out below. It is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31st July 2007 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 30th June 2007. The corresponding figures for the start of the year have been calculated as at 30th June 2006.

The actuarial assumptions made for this valuation were:

	Start of the year	End of the year
Rate of inflation	3.00%	3.20%
Rate of increases in salaries	4.75%	4.95%
Rate of increases in pensions	3.00%	3.20%
Discount rate	5.10%	5.80%

30 Pensions (continued)

a) ii) The valuation as at 31st July 2007 (continued)

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

	Long-term rate of return at 31st July 2007	Value at 31st July 2007	Long-term rate of return at 31st July 2006	Value at 31st July 2006	Long-term rate of return at 31st July 2005	Value at 31st July 2005
Equities	7.50%	14,610	7.00%	12,438	7.50%	11,108
Government Bonds	4.90%	1,432	4.40%	1,182	4.40%	0
Other Bonds	5.80%	2,005	5.10%	1,948	5.00%	2,966
Cash	5.75%	1,050	4.50%	1,082	4.50%	185
Total Market Value of assets		19,097		16,650		14,259
Liabilities		(23,460)		(21,625)		(19,107)
Deficit		(4,363)		(4,975)		(4,848)

The market value of total fund assets at 30th June 2007 was £1,317 millions (£1,114 millions as at 30th June 2006).

iii) The results of the valuation at 31st July 2007, included in the financial statements

	2007 £ 000	2006 £ 000
Charge to Income & Expenditure account		
Current Service cost	1,001	851
Past service cost	-	(309)
Curtailment cost	22	187
	1,023	729
Pension finance income / (costs)		
Expected return on pension scheme assets	1,014	953
Interest on pension liabilities	(1,122)	(967)
	(108)	(14)
Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Actual return less expected return on pension scheme assets	935	1,003
Experience gains and losses arising on the scheme liabilities	-	(439)
Change in financial and demographic assumptions underlying the scheme liabilities	44	(748)
Actuarial gain / (loss) recognised in STRGL	979	(184)

30 Pensions (continued)

a) iii) The results of the valuation at 31st July 2007, included in the financial statements (continued)

	2007 £ 000	2006 £ 000
Movement in deficit during the year		
Deficit in the scheme at 1st August	4,975	4,848
Current service cost	1,001	851
Employer contributions	(764)	(800)
Past service costs	-	(309)
Curtailment costs	22	187
Net interest / return on assets	108	14
Actuarial (gain) / loss	(979)	184
Deficit in the scheme at 31st July	4,363	4,975

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

	2007	2006	2005	2004	2003
Difference between the expected & actual return on assets:	935	1,003	1,660	3	201
Percentage of scheme assets	5.62%	6.02%	11.64%	0.03%	2.01%
Experience gains and losses arising on the scheme liabilities	-	(439)	680	-	-
Percentage of scheme liabilities	0.00%	2.00%	3.60%	0.00%	0.00%
Total amount recognised in STRGL	979	(184)	(16)	(273)	(1,382)
Percentage of scheme liabilities	4.17%	0.90%	0.10%	1.71%	9.75%

30b The Teachers' Pension Scheme

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

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

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

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

30 Pensions (continued)

30b The Teachers' Pension Scheme (continued)

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

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

First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service.

Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period 1st April 2001 – 31st March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

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

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

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31st March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions.

31a Access Grants

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

	2006/07	2005/06
Income Received	241	281
Interest Added	4	4
	245	285
Disbursements	200	285

31b TDA Training Bursaries

The University administers Training Bursaries on behalf of the Training and Development for Schools Agency (TDA).

	2006/07	2005/06
Income Received	1,410	1,560
Disbursements	1,364	1,315

31c TDA Ethnic Minority Recruitment Funding

In the year, the University received income of £7k (2006: £27k) from TDA for Ethnic Minority Recruitment Funding. A total of £3k (2006: £19k) was spent in the year, including funds brought forward of £8k, leaving a balance carried forward of £12k.

32 Related Party Transactions

The University made a grant to the York St John Students' Union of £206,000 (2006: £212,000) and charged rent of £11,054 (2006: £10,699).

The University received project funding of £69,692 from Yorkshire Universities (2006: £142,189). The University paid £5,000 to Yorkshire Universities in affiliation fees (2006: £14,803).

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

	Group		University	
	Income	Expenditure	Income	Expenditure
	£	£	£	£
North Yorkshire County Council	4,835	39,100	4,835	39,100
University of Leeds	33,261	84,715	33,261	84,715
City of York Council - £41k purchase ledger balance at 31.7.07 in the University	28,124	153,636	24,847	146,389
Yorkshire Film Archive	17,101	30,000	3,716	30,000
Theatre Royal, York	6,627	5,081	-	5,081