



ANNUAL ACCOUNTS
2005-2006

York St John University¹

Vice Chancellor

Prof. Dianne M. Willcocks, BSc, DipM, FRSA

Deputy Vice Chancellor

Prof. David Maughan Brown, BA, MA, D.Phil

Director of Finance

John Gallacher BA, FCA

Clerk to the Governors

Janet Looker

Corporate Office

Lord Mayor's Walk
York
YO31 7EX

Status

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

Bankers

Barclays Bank plc
Parliament Street
York
YO1 1XD

Auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4PJ

Solicitors

Munby & Scott
18 Blake Street
York
YO1 2QH

Contents of Financial Statements for the Year Ended 31st July 2006

Page

Report of the Governors on the Accounts.....	2
Corporate Governance Statement.....	6
Independent Auditor's Report to the Governing Body of York St John University	11
Statement of Principal Accounting Policies	13
Consolidated Income and Expenditure Account.....	17
Consolidated Statement of Historical Cost Surpluses and Deficits	18
Statement of Total Recognised Gains and Losses	18
Reconciliation of Opening & Closing Reserves	19
Balance Sheets	20
Consolidated Cash Flow Statement	21
Reconciliation of Net Cash Flow to Movement in Net (Debt) / Funds.....	21
Notes to the Financial Statements.....	22

¹ (known as York St John University College until 30th September 2006)

Report of the Governors on the Accounts for the Year Ended 31st July 2006

Background

The objective of the University, which is a registered charity, is to provide and maintain a University for the higher education of men and women and to further the charitable work and purposes of the York St John University. This is achieved by running a wide range of higher and further education courses for undergraduate, postgraduate and professional students. It also undertakes research and consultancy on related topics.

In September 2005 York St John was granted Taught Degree Awarding Powers (TDAP) by the Privy Council of the United Kingdom. The name of the institution changed from York St John College to York St John University College to reflect the grant of TDAP. Subsequently the institution achieved University status in July 2006 and adopted the title York St John University from 1st October 2006. The University is an accredited institution of the University of Leeds and students enrolled on programmes of study up to and including those entering in Session 2006/7 will work towards University of Leeds awards. The bulk of York St John University students will commence study for York St John University awards with effect from Session 2007/8. A small number of students following York St John University awards validated for delivery at partner organisations will commence study for York St John awards from September 2006.

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 (2005: 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.

Trustee

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

Governors

There are 25 Governors in all, and the arrangements for their appointment are as follows:

• **13 Trustees of York St John Endowment (who are automatically Governors of the University)** appointed for a term of 3 years:

- The Lord Archbishop of York
- 1 person appointed by each of the dioceses of York, Ripon & Leeds, Bradford and Wakefield
- 1 person appointed by the General Synod Board of Education
- 1 person appointed by the Association of former students of the University

York St John University
Financial Statements for the year ended 31st July 2006

- 6 restricted co-options (members of Church of England or a Church in communion with it)
- **11 Governors appointed for a term of 3 years** (there are 12 Governors in all, but the Vice Chancellor's position is ex officio):
 - The Vice Chancellor (ex officio)
 - 1 person appointed by the University of Leeds
 - 2 persons appointed by Local Councils, 1 from North Yorkshire County Council, 1 from the City of York Council
 - 3 Staff Governors (appointed for a term of 3 years), 1 elected by University Council, 1 elected by Academic Board, 1 elected by non-academic staff
 - 1 Student Governor, the current President of the Students Union (appointed annually)
 - 4 Co-opted Governors, appointed by the Governing Body following recommendation from the Nominations Committee.

Results for the Year

Overview

The University's consolidated income and expenditure for the year to 31st July 2006 are summarised as follows:

	2005/06	2004/05
		as
		restated
	£000	£000
Income	29,614	26,130
Expenditure	27,124	25,234
Surplus before Restructuring Costs and Profit on Disposal of Fixed Assets	2,490	896
Restructuring Costs	-	500
Surplus on Continuing Activities After Depreciation of Assets at Valuation and Before Tax	2,490	396
Profit /(Loss) on Disposal of Fixed Assets	(1)	(11)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, Before Tax	2,489	385
Taxation	(42)	(77)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax	2,447	308
Transfer to endowments	(28)	(4)
Surplus for the Year Retained Within General Reserves	<u>2,419</u>	<u>304</u>

The University is reporting a surplus of income over expenditure of £2.5 million for the year ending 31st July 2006, an improvement of £2.1 million compared to the previous year.

The cash position of the University remains healthy, showing a balance of £9.3 million compared with £4.8 million last year.

The continuing beneficial impact to date of the estate development programme and the positive operating performance has increased the balance sheet strength. After the effects of revaluing the fixed assets & adjusting for the North Yorkshire Local Government pension scheme under FRS 17 the University's total funds have increased by £15 million to £57 million.

Income and Expenditure

Overall, income has increased by 13% from last year to reach nearly £30 million. This includes an increase in funding council grants of 18%.

Expenditure has increased from the previous year by 5.4% to £27.1 million. This represents progress against 2004/05 when expenditure increased at 7.9% while income increased at only 3.9% 2004/05. The historical cost surplus is £2,540k.

Cash

A net cash inflow from operating activities arose of just over £6 million, compared to the previous year's net cash inflow of £4 million. The University received the final instalment of the proceeds from the sale of the Croft, £2.6 million, in August 2005.

York St John Enterprises Limited

The consolidated financial statements include the University's wholly owned trading subsidiary, York St John Enterprises Ltd. The Company runs conferencing activities of the University group, and manages the facilities in a Learning Centre, Sports, Psychology & Health Building and General Teaching Block.

Creditors Payment Policy

The University policy is to pay its suppliers promptly and normally within a 30 day period from invoice date. Advantage is taken of early payment discounts where available.

Financial Arrangements

Target surpluses meeting the requirements of funders and the needs of the University are reported in the Financial Forecasts to 2009-10 and will be re-evaluated each year. A University financial target is to achieve a surplus of 3% of income. Whilst this target was exceeded in 2005/06, it will not be achieved again in the plan time frame.

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.

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.

On behalf of the Governing Body
Robin Guthrie
(Pro Chancellor)
20th November 2006

Corporate Governance Statement

Introduction

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 Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998, and subsequent governance and risk management guidance issued by the Higher Education Funding Council for England. Whilst the University, being a charitable trust, does not fall within the regulations of the London Stock Exchange, the Governing Body is satisfied that the University is making reasonable efforts to comply with all significant provisions of the Code. The purpose of this summary is to help the reader of the accounts understand how the principles have been applied. The University has adopted the Committee of University Chairmen's Guide and Statement of Primary Responsibilities.

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.

All governors & key members of staff are required to disclose any interests which may potentially cause a conflict of interest in the University's Register of Interests. Any other member of staff who intends to make a purchase or obtain a tender from a supplier in which he/she has a financial interest must inform the Director of Finance in writing, and the transaction cannot go ahead without the approval of the Director of Finance and Vice Chancellor or Deputy Vice Chancellor.

Risk Management

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks. In July 2002 the Governing Body approved a Risk Management Policy, a Risk Assessment Methodology, a Risk Review and Reporting Cycle and the University's Risk Register. Included within the Risk Register are the identified major risk areas for the University along with an assessment of their potential impact and likelihood of occurrence. In addition, responsibility and accountability for managing each major risk area has been assigned to the appropriate Executive Officer, designated the Risk Owner.

Under the Risk Management Policy, the Governing Body has responsibility for overseeing risk management within the University as a whole. It will undertake ongoing reviews and a formal annual review of risk management arrangements in accordance with the internal control guidance for directors contained in the Combined Code as deemed appropriate for higher education.

During 2005/06 there has been an ongoing process to refine the Risk Register and approaches in respect of risk management. Management have continued to give additional focus during the year on a number of 'Key Risks' as determined by Executive Group and this has continued to be reflected in reports to Governing Body and their Committees. Given the changing internal and external environment, the refinement of the Risk Register and 'Key Risks' will be an iterative process which will continue to be overseen by Audit Committee on behalf of Governing Body.

York St John University
Financial Statements for the year ended 31st July 2006

University processes continue to be developed in accordance with the Turnbull guidance (and take into account the HEFCE Accounts Directive 2004/05 in respect of Risk Management). In particular the Risk Advisory Group, acting as an advisory group for the Executive, has continued to oversee the effective implementation of the Risk Management Policy.

The Governing Body is therefore 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 full financial year beginning 1st August 2005, and up to the date of approval of the 2005/06 annual report and accounts and that the processes in place are in full accord with HEFCE guidance.

Governance Structure

The Governing Body comprises lay and academic persons appointed under the Instrument & Articles of Government of the University and the Trust Deed of York St John Endowment, the majority of whom are non-executive. The roles of Pro Chancellor and Deputy Pro Chancellor (Chair and Vice-Chair of the Governing Body) are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specifically reserved to the Governing Body for decision are set out in the Instrument and Articles, by custom and under the Financial Memorandum with the Higher Education Funding Council for England. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive officers on the day to day operation of its business and its subsidiary company. The Governing Body meets three times a year and has several committees which are formally constituted. The Governing Body members of each committee form the quorum for membership, as well as providing a Chair. University officers attend committee meetings as appropriate.

The Strategy, Planning & Resources Committee recommends to the Governing Body:

- A corporate plan including all aspects of long, medium and short-term planning: human, academic, physical and financial. Regular monitoring of progress against the plans is undertaken as part of the review of performance and risk.
- The University's annual revenue and capital budget and monitors performance in relation to the approved budgets.

The Human Resources Development Committee:

- Recommends to the Governing Body the Human Resource strategy of the University within the requirements of the corporate plan and financial forecast, having regard to the University's foundation.
- Reviews management plans for their effectiveness in attracting, retaining, motivating and developing the University's staff.
- Approves the annual pay award for academic and non-academic staff.
- Receives reports from the Health & Safety Committee, which works to ensure the effectiveness of health & safety procedures in the University and to encourage co-operation between the University and its employees in all such matters
- Receives the Minutes of the Joint Staff Consultative Committees of the University which committees encourage co-operation between the University and the trades unions.

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

York St John University
Financial Statements for the year ended 31st July 2006

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

The Audit Committee meets four times annually:

- With the External Auditors, to discuss audit findings.
- With the Internal Auditors, to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans.
- It receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with the regulatory requirements.
- On behalf of Governing Body, the Audit Committee has reviewed the effectiveness of the University's and subsidiary company's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

Although Senior Managers attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee reserves the right to meet with the Internal and External Auditors on their own for independent discussions.

The Governance Committee oversees and discusses all issues relating to Governance of the University and assesses the annual audit of Governors and governance.

The Foundation Committee will guide and monitor those elements of University life and learning associated most closely with a contemporary expression of the University's founding purpose, and specifically, the Committee shall be charged with oversight of the University mission and ethics, and will address issues of Christian ethos.

Review of Controls

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 will be reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from the internal auditor and from the Health & 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.

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

- clear details of the responsibilities of, and the authority delegated to, heads of academic faculties and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast out-turns;

York St John University
Financial Statements for the year ended 31st July 2006

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Governing Body on the recommendation of the Strategy, Planning & Resources Committee; and
- a professional Internal Audit service whose annual programme is approved by the Audit Committee.

It is pleasing to note that the HEFCE Assurance Review that took place during the year gave positive conclusions.

The Academic Board

The Academic Board consists of not more than 30 members comprising the Vice Chancellor (who shall be Chair) and other such members of the staff and students of the University and others as the Governors may from time to time determine at a duly constituted meeting after consultation with the staff of the University. The period of appointment of members and the selection or election arrangements is subject to approval of the Governors. At least half the members of the total membership of the Board, in addition to the Vice Chancellor, shall be members of the management of the University. University staff also have an opportunity to contribute to the governance of the University via the University Staff Open Forum. The Academic Board may establish such committees as it considers necessary, subject to the approval of the Vice Chancellor and Governors, and it has the right to make representations to the Governors on any academic matter. The responsibilities of the Academic Board are:

- subject to the requirements of the validating and accrediting bodies,
 - general issues relating to the research and scholarship;
 - teaching and courses at the University, including criteria for the admission of students; the appointment and removal of internal and external examiners; policies and procedures for assessment and examination of the academic performance of students; the content of the curriculum, academic standards and the validation and review of courses;
 - the procedures for the award of qualifications and honorary academic titles;
 - the procedures for the expulsion of students for academic reasons;
- considering the development of the academic activities of the University and the resources needed to support them and for advising the Vice Chancellor and the Governors thereon;
- advising on such matters as the Governors or the Vice Chancellor may refer to the Academic Board.

Statement of Governing Body's Responsibilities

In accordance with the Instrument and Articles of Government the Governing Body of the University is responsible for the oversight of the activities of the University and is required to present audited financial statements for each financial year.

The Governing Body is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, at any time, the financial position of the University. This enables it to ensure that the financial statements are prepared in accordance with:

- the University's Instrument and Articles of Government,
- the Statement of Recommended Practice: Accounting for Further and Higher Education,
- relevant accounting standards, and

York St John University
Financial Statements for the year ended 31st July 2006

- guidance from the Higher Education Funding Council for England
- the annual Accounts Direction issued by HEFCE.

In addition the Governing Body, through its designated office holder, the Vice Chancellor, is required to prepare financial statements for each accounting year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year, within the terms and conditions of:

- the Financial Memorandum agreed between the Higher Education Funding Council for England and the Governing Body of the University, and
- the Funding Agreement between the Training and Development for Schools Agency and the Governing Body of the University.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future.

The Governing Body has taken reasonable steps to:

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

On behalf of the Governors

Robin Guthrie

(Pro Chancellor)

20th November 2006

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

We have audited the financial statements of York St John University for the year ended 31 July 2006 which comprise the Consolidated Income and Expenditure Account, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out in the Statement of Accounting Policies.

Respective responsibilities of the governing body and auditors

The governing body's responsibilities for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Governing Body's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the governing body of the institution in accordance with the instruments and articles of government of the institution. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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. We report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's instruments and articles of government and where appropriate with the financial memorandum with the Higher Education Funding Council for England and with the funding agreement with the Training and Development Agency for Schools. We also report to you if, in our opinion, the institution has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Report of the Governors and the Corporate Governance Statement.

We also review the statement of internal control (included as part of the Corporate Governance Statement) and comment if the statement is inconsistent with our knowledge of the institution and group. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any

apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and with the HEFCE Code of Practice. 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 governing body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

1. the financial statements give a true and fair view of the state of affairs of the institution and the group at 31 July 2006, and of the surplus of income over expenditure, recognised gains and losses and cashflows for the year then ended, and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
2. in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools grants and income for specific purposes and from other restricted funds administered by the institution have been applied only for the purposes for which they were received;
3. in all material respects, income has been applied in accordance with the institution's instruments and articles of government and where appropriate in accordance with the financial memorandum (2006/24) with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

The maintenance and integrity of York St John University website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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. 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.

Prior Year Adjustment

The University has adopted FRS17 Retirement Benefits in the financial statements. The full adoption of the standard represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the effect of adopting FRS 17 are given in note 31.

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.

York St John University
Financial Statements for the year ended 31st July 2006

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 32.

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 liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of recognised gains & losses.

Enhanced pensions

The actual cost of certain enhanced 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 £5,000 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.

Leased Assets

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

Leasing agreements that transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in the fixed assets and the capital element of the leasing commitment is shown under obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

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.

Investments that form part of Endowment Assets are included in the balance sheet at market 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.

**Consolidated Income and Expenditure Account
for the Year Ended 31st July 2006**

	Note	2005/06 £ 000	2004/05 as restated £ 000
INCOME			
Funding Council Grants	1	14,207	12,053
Tuition Fees and Educational Contracts	2	10,056	9,646
Research Grants and Contracts	3	123	44
Other Income	4	4,851	4,176
Endowment and Investment Income	5	377	211
TOTAL INCOME		<u>29,614</u>	<u>26,130</u>
EXPENDITURE			
Staff Costs	6	16,500	16,220
Restructuring Costs	29	-	500
Other Operating Expenses	7	8,783	7,010
Depreciation	11	1,169	1,206
Interest Payable	8	672	798
TOTAL EXPENDITURE		<u>27,124</u>	<u>25,734</u>
Surplus on Continuing Activities After Depreciation of Assets at Valuation and Before Tax		2,490	396
Profit / (Loss) on Disposal of Assets		(1)	(11)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, Before Tax		2,489	385
Taxation	9	(42)	(77)
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax		2,447	308
Transfer to Endowments		(28)	(4)
Surplus for the Year Retained Within General Reserves		<u>2,419</u>	<u>304</u>

The consolidated income and expenditure account of the University and its subsidiary relate wholly to continuing activities.

The results for the year ended 31st July 2005 have been restated to reflect the full implementation of FRS 17 (see note 31)

**Consolidated Statement of Historical Cost Surpluses and Deficits
for the Year Ended 31st July 2006**

	Note	2005/06 £ 000	2004/05 as restated £ 000
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, Before Tax		2,489	385
Difference Between Historical Cost Depreciation Charge and the Actual Depreciation Charge of the Year Calculated on the Revalued Amount	21	121	121
Realisation of property revaluation gains of previous years	21	-	(72)
Historical Cost Surplus Before Tax		2,610	434
Taxation	9	(42)	(77)
Historical Cost Surplus After Tax		2,568	357
Transfer to Endowments		(28)	(4)
Historical Cost Surplus After Tax Retained Within General Reserves		2,540	353

**Statement of Total Recognised Gains and Losses
for the Year Ended 31st July 2006**

	Note	2005/06 £ 000	2004/05 as restated £ 000
Surplus on Continuing Activities After Depreciation of Assets at Valuation, Disposal of Assets, and Tax		2,447	308
Unrealised Surplus on Revaluation of Fixed Assets		10,700	-
Actuarial Gain / (Loss) in Respect of Pension Scheme		(184)	(16)
Transfer to endowments		(28)	(4)
Total gains relating to the period		12,935	288
Prior year adjustment re enhanced pensions	30	(493)	
Prior year adjustment re FRS 17	30	(4,668)	
Total gains and losses recognised since the last financial statement		7,774	288

Reconciliation of Opening & Closing Reserves for the year ended 31st July 2006

	2005/06
	£ 000
Opening reserves	
Income & Expenditure as previously stated	22,192
Prior year adjustment re enhanced pensions (note 30)	(493)
Prior year adjustment re FRS 17 (note 30)	(4,668)
Movement in provision for enhanced pensions in 2005 (note 30)	(39)
Movement in provision for pensions under FRS 17 in 2005 (note 30)	(180)
Income and Expenditure Account as revised	<u>16,812</u>
Revaluation Reserve	<u>16,878</u>
	33,690
Total Recognised Gains for the Year	<u>12,935</u>
	<u><u>46,625</u></u>
Closing reserves	
Income and Expenditure Account	19,168
Revaluation Reserve	<u>27,457</u>
	<u><u>46,625</u></u>

Balance Sheets as at 31st July

	Note	Group		University	
		2006 £ 000	2005 as restated £ 000	2006 £ 000	2005 as restated £ 000
Fixed Assets					
Tangible Assets	11	68,860	55,712	51,878	42,521
Investments	12	1	1	1	1
		<u>68,861</u>	<u>55,713</u>	<u>51,879</u>	<u>42,522</u>
Endowment Assets					
	13	189	161	189	161
Current Assets					
Stocks		24	31	24	31
Debtors Due Within One Year	14	1,778	4,067	2,212	4,067
Debtors Due After More Than One Year	14	-	-	12,769	13,370
Short Term Deposits		8,592	3,679	8,592	3,679
Cash at Bank and in Hand		757	1,164	701	1,049
Total Current Assets		<u>11,151</u>	<u>8,941</u>	<u>24,298</u>	<u>22,196</u>
Creditors: Amounts Falling Due Within One Year	15	(5,803)	(5,448)	(5,743)	(5,035)
Net Current Assets		<u>5,348</u>	<u>3,493</u>	<u>18,555</u>	<u>17,161</u>
Total Assets Less Current Liabilities		<u>74,398</u>	<u>59,367</u>	<u>70,623</u>	<u>59,844</u>
Creditors: Amounts Falling Due After More Than One Year	16	(11,110)	(11,668)	(11,341)	(11,886)
Provisions for Liabilities and Charges	17	(1,114)	(1,076)	(875)	(879)
Net assets excluding pension asset / (liability)		62,174	46,623	58,407	47,079
Net pension asset / (liability)	31	(4,975)	(4,848)	(4,975)	(4,848)
NET ASSETS including pension asset / (liability)		<u>57,199</u>	<u>41,775</u>	<u>53,432</u>	<u>42,231</u>
Represented by:					
Deferred Capital Grants	18	<u>10,385</u>	<u>7,923</u>	<u>10,385</u>	<u>7,923</u>
Specific Endowments	19	<u>189</u>	<u>161</u>	<u>189</u>	<u>161</u>
Reserves					
Income and Expenditure Account excluding pension reserve	21	24,143	21,661	24,444	22,186
Pension reserve	31	(4,975)	(4,848)	(4,975)	(4,848)
Income and Expenditure Account including pension reserve	21	19,168	16,813	19,469	17,338
Revaluation Reserve	20	27,457	16,878	23,389	16,809
Total reserves		<u>46,625</u>	<u>33,691</u>	<u>42,858</u>	<u>34,147</u>
TOTAL FUNDS		<u>57,199</u>	<u>41,775</u>	<u>53,432</u>	<u>42,231</u>

The financial statements on pages 13 to 41 were approved by the Governors on 20th November 2006 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 2006**

	Note	2005/06 £ 000	2005 as restated £ 000
Net Cash (Outflow) / Inflow from Operating Activities	23	6,050	4,092
Returns on Investments and Servicing of Finance	24	(295)	(471)
Capital Expenditure and Financial Investment	25	(1,030)	(2,313)
Cash Inflow / (Outflow) Before Use of Liquid Resources and Financing		4,725	1,308
Management of Liquid Resources		(4,913)	(950)
Financing	26	(189)	(88)
Increase / (Decrease) in Cash		(377)	270

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

	Note	2005/06 £ 000	2005 as restated £ 000
Increase / (Decrease) in Cash in the Year		(377)	270
Increase / (Decrease) in Short Term Deposits		4,913	950
Repayment of Debt	26	200	100
New Loans Acquired and Interest Added to the Loan	26	(11)	(12)
Decrease/ (Increase) in Net Debt		4,725	1,308
Net Funds / (Debt) at 1st August 2005	27	(6,412)	(7,720)
Net Funds / (Debt) at 31st July 2006		(1,687)	(6,412)

Notes to the Financial Statements

1 Funding Council Grants

	2005/06		2004/05	
	HEFCE	TDA	Total	Total
	£ 000	£ 000	£ 000	£ 000
Recurrent Grant	8,223	3,629	11,852	10,589
Specific Grants	2,175	57	2,232	1,357
Deferred Capital Grants:				
Buildings (note 18)	77	-	77	69
Equipment (note 18)	28	18	46	38
Total	10,503	3,704	14,207	12,053

2 Tuition Fees and Educational Contracts

	2005/06	2004/05
	£ 000	£ 000
Home Full-time Students	3,855	3,609
Overseas Students	1,695	1,604
Part-time Students	524	417
Short Course Fees	489	139
Occupational Therapy & Physiotherapy Students	3,493	3,877
Total	10,056	9,646

3 Research Grants and Contracts

	2005/06	2004/05
	£ 000	£ 000
European Commission	67	-
Other Grants	56	44
Total	123	44

4 Other Income

	2005/06	2004/05
	£ 000	£ 000
Residences, Catering and Conferences	3,723	3,261
Other Services Rendered	518	568
Other Income	610	347
Total	4,851	4,176

5 Endowment and Investment Income

	2005/06	2004/05
	£ 000	£ 000
Income from Endowments	8	1
Other Interest Receivable	369	210
Total	377	211

6 Staff Costs	2005/06	2004/05
	£ 000	as restated £ 000
Wages and Salaries	13,750	13,449
Social Security	1,014	1,043
Other Pension Costs (including FRS17 adjustments, see note 31)	1,736	1,728
Total	<u>16,500</u>	<u>16,220</u>

Average Weekly Number of Persons Employed by the University Group During the Period, Expressed as Full Time Equivalents

	Number	Number
Academic Faculties	232	242
Academic Services	58	55
Admin & Central Services	112	101
Premises	71	74
Residence & Catering	6	17
Total	<u>479</u>	<u>489</u>

The emoluments of the Principal during the year were:

	2005/06	2004/05
	£	£
Emoluments	113,558	108,150
Pension costs	15,330	14,600
	<u>128,888</u>	<u>122,750</u>

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

£70,000 - £80,000	1	-
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-
£100,000 - £110,000	-	1
£110,000 - £120,000	1	-
£120,000 - £130,000	-	-
	<u>3</u>	<u>2</u>

7 Other Operating Expenses	2005/06	2004/05
	£ 000	£ 000
Residence and Catering Consumables	729	268
Academic Consumables	2,873	2,437
Books and Periodicals	495	135
Heat, Light and Water	597	443
Repairs and General Maintenance	1,223	1,044
Grant to Students' Union	212	220
Rents	1,191	984
Auditors' Remuneration (subsidiary company £2,415, 2005: £2,243)	24	20
Other	1,439	1,459
Total	<u>8,783</u>	<u>7,010</u>

8 Interest Payable	2005/06	2004/05 as restated
	£ 000	£ 000
Loans Wholly Repayable Within Five Years	11	11
Loans Repayable in More Than Five Years	647	659
Pension finance costs (note 31)	14	128
	<u>672</u>	<u>798</u>

9 Taxation (Subsidiary company only)	2005/06	2004/05
	£ 000	£ 000
UK corporation tax at 19% (2005: 19%):	-	-
Deferred taxation: origination and reversal of timing differences (see note 17)	42	77
Total tax on profit / (loss) on ordinary activities	<u>42</u>	<u>77</u>

10 Analysis of Expenditure by Activity

	Staff Costs	Dep'n	Other Expenses	Interest Payable	2005/06 Total	2004/05 Total as restated
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Academic Departments	9,733	435	1,820	-	11,988	11,700
Academic Services	1,895	310	1,212	-	3,417	3,224
Research Grants and Contracts	238	-	173	-	411	331
Residences, Catering & Conferences	340	47	1,396	-	1,783	1,773
Premises	1,228	366	1,882	264	3,740	3,560
Administration:						
Central & Administration Services	1,550	5	813	180	2,548	2,656
General Educational Expenditure	750	3	1,084	139	1,976	1,163
Staff & Student Facilities	766	3	403	89	1,261	1,124
Total for 2005/06	16,500	1,169	8,783	672	27,124	25,531
Total for 2004/05	16,645	1,206	7,010	670		

The analysis above is based on the requirements of the Higher Education Statistics Agency finance return. 2004/2005 has been restated to be comparable.

The depreciation charge has been funded by :

	2005/06 £ 000	2004/05 £ 000
Deferred Capital Grants Released (Note 18)	123	107
Revaluation Reserve Released (Note 21)	121	121
General Income	925	978
Total Funding of Depreciation	1,169	1,206

11 Tangible Fixed Assets

GROUP	Freehold Land and Buildings	Equipment	Total
	£ 000	£ 000	£ 000
Valuation/Cost			
At 1st August 2005			
Valuation	50,187	-	50,187
Cost	3,736	4,781	8,517
Additions at cost	2,840	809	3,649
Surplus on revaluation	9,528	-	9,528
Disposals	-	(106)	(106)
At 31st July 2006			
Valuation	59,716	-	59,716
Cost	6,575	5,484	12,059
	<u>66,291</u>	<u>5,484</u>	<u>71,775</u>
Depreciation			
At 1st August 2005	688	2,304	2,992
Charge for Year	484	685	1,169
On revaluation	(1,172)	-	(1,172)
Disposals	-	(74)	(74)
Depreciation at 31 July 2006	<u>-</u>	<u>2,915</u>	<u>2,915</u>
Net Book value			
At 31 July 2006	<u>66,291</u>	<u>2,569</u>	<u>68,860</u>
At 1st August 2005	<u>53,235</u>	<u>2,477</u>	<u>55,712</u>
Financed by:			
Capital grant	10,030	355	10,385
Other	56,261	2,214	58,475
Net Book value at 31st July 2006	<u>66,291</u>	<u>2,569</u>	<u>68,860</u>

11 Tangible Fixed Assets (continued)

University ONLY	Freehold Land and Buildings £ 000	Equipment £ 000	Total £ 000
Valuation/Cost			
At 1st August 2005			
Valuation	38,022	-	38,022
Cost	3,718	3,177	6,895
Additions at cost	2,709	780	3,489
Surplus on revaluation	5,777	-	5,777
Disposals	-	(106)	(106)
At 31st July 2006			
Valuation	43,799	-	43,799
Cost	6,427	3,851	10,278
	<u>50,226</u>	<u>3,851</u>	<u>54,077</u>
Depreciation			
At 1st August 2005	564	1,832	2,396
Charge for Year	359	441	800
On revaluation	(923)	-	(923)
Disposals	-	(74)	(74)
Depreciation at 31st July 2006	<u>-</u>	<u>2,199</u>	<u>2,199</u>
Net Book value			
At 31st July 2006	<u>50,226</u>	<u>1,652</u>	<u>51,878</u>
At 1st August 2005	<u>41,176</u>	<u>1,345</u>	<u>42,521</u>
Financed by:			
Capital grant	10,030	355	10,385
Other	40,196	1,297	41,493
Net Book value at 31st July 2006	<u>50,226</u>	<u>1,652</u>	<u>51,878</u>

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 is an all weather pitch at a cost of £447,658 which is being depreciated over the expected useful life of 20 years.

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

	2005/06 £ 000	2004/05 £ 000
Freehold buildings	<u>1,431</u>	<u>211</u>

Included in the cost of freehold land and buildings is £196,497 (2005: £196,497) for Portakabins in use at the year end. These have been fully depreciated. Their expected useful life was 2/3 years.

11 Tangible Fixed Assets (continued)

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 revalued buildings include notionally directly attributable acquisition costs of £4,219k (2005: £2,695k) relating to irrecoverable VAT.

The historical cost of assets held at valuation is £24.2 million (2005: £22.4 million).

The land used for the new buildings has been leased to York St John Enterprises Limited by the Trustees.

The net loss on disposals in the year was £1.1k for the University and the Group (2005: loss of £12k for University and £13k for Group).

The HM Treasury, through the Financial Memorandum, had an interest in the Ripon Campus of £910k, and these funds have been reinvested in the York campus via the University's trading subsidiary, York St John Enterprises Limited.

HM Treasury also provided £2k to fund the purchase of land at the Croft which cost £22k. Should this land be sold, the University would have to reinvest the appropriate portion of the proceeds or refund it to the HM Treasury.

The rules surrounding these HM Treasury grants are currently under review.

12 Investments - University only

	£ 000	
General Funds at Market Value:		
Balance at 1st August 2005 & 31st July 2006		1
	2005/06	2004/05
	£ 000	£ 000
UK Fixed Interest Stocks	-	-
UK Equities	1	1
	1	1
UK Fixed Interest and Equities at Cost	1	1

The investment of the University Trust in its subsidiary company at cost is £1 (2005 £1) being 100% of the issued share capital of one £1 ordinary share of York St John Enterprises Limited.

The University Trust also holds shares with nominal value of £1,000 in Knowledge Base (UK) Limited. This investment is included at cost.

Both companies are registered in England and Wales and operate in the UK.

The Group's 25% interest in Knowledge Base (UK) Limited (2005: 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.

York St John Enterprises Limited undertakes trading activities to generate funds to support the objectives of the University.

The University has given a collateral charge to Barclays Bank plc to discharge its subsidiaries' obligations up to a limit of £500k (2005: £500k).

13 Endowment Assets - University only

	2005/06	2004/05
	£ 000	£ 000
Debtor	-	2
Cash	189	159
	189	161
	2006	2005
	£ 000	£ 000
The above investments are held by the following funds:		
Stanley Watkins	28	28
Teale	5	5
University Prize	12	11
SPARK	28	3
University Hardship	22	17
York Settlement Trust	94	97
	189	161
	189	161

14 Debtors

	Group		University	
	2006	2005	2006	2005
	£ 000	£ 000	£ 000	£ 000
Amounts Falling Due Within One Year:				
Student Tuition & Residence Fees	1,254	833	1,254	833
York St. John Enterprises Ltd	-	-	754	166
Other Debtors	331	2,689	13	2,660
Prepayments & Accrued Income	193	545	191	408
	1,778	4,067	2,212	4,067
	1,778	4,067	2,212	4,067
Amounts Falling Due After One Year:				
York St. John Enterprises Ltd	-	-	12,769	13,370
	-	-	12,769	13,370
	-	-	12,769	13,370

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	
	2006	2005	2006	2005
	£ 000	£ 000	£ 000	£ 000
Mortgages and Unsecured Loans	549	200	549	200
Payments Received on Account	176	172	165	163
Other Creditors	735	709	734	682
Social Security and Other Taxation	622	673	622	673
Accruals & Deferred Income	3,721	3,694	3,662	3,317
York St. John Enterprises Ltd	-	-	11	-
	5,803	5,448	5,743	5,035
	5,803	5,448	5,743	5,035

16 Creditors: Amounts Falling Due After More Than One Year

	Group		University	
	2006 £ 000	2005 £ 000	2006 £ 000	2005 £ 000
Mortgages Secured on Residential and Other Property:				
Amounts repayable in:				
Less than 2 years	1,098	549	1,098	549
2 to 5 years	2,197	1,648	2,197	1,648
More than 5 years	7,140	8,787	7,140	8,787
Unsecured Loans:				
Central Board of Finance:				
Repayable in 2 to 5 years	241	230	241	230
Repayable in more than 5 years	-	-	-	-
Accruals	434	454	665	672
	11,110	11,668	11,341	11,886

The University pays interest on its Barclays loan (£10.9m) at LIBOR plus 0.5875% (2005: 0.5875% on £11.184m).

The University has a Swap under which it pays the Barclays Capital Swaps Receives rate (cap to 31.7.2019 at 5.39%), less Barclays Capital Swaps Pays rate on 75% of the loan (2005: 75% of the loan).

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

Accruals due after more than one year represents operating leases granted to the University's subsidiary company. These are land leases lasting 99 years.

17 Provisions for Liabilities and Charges - Group and University

	Enhanced Pensions	Deferred Taxation	Total
	(University only)	(Subsidiary company only)	(Group)
	£ 000	£ 000	£ 000
Balance at 1st August 2005 as previously stated	348	197	545
Revision of movement for 2005	38	-	38
Prior year adjustment re enhanced pensions	493	-	493
At 1st August 2005 as restated	879	197	1,076
Utilised in Year	(4)	-	(4)
Transferred from Income & Expenditure Account	-	42	42
Balance at 31st July 2006	875	239	1,114

The provision for deferred tax comprises:

Accelerated capital allowances	239
--------------------------------	-----

18 Deferred Capital Grants - University only

	Buildings £ 000	Equipment £ 000	Total £ 000
Balance at 1st August 2005	7,539	384	7,923
Received in Year	2,568	17	2,585
Transferred to Income & Expenditure Account	(77)	(46)	(123)
Balance at 31st July 2006	10,030	355	10,385

Capital grants were provided by:	£ 000	£ 000	£ 000
Higher Education Funding Council for England	9,914	336	10,250
Training and Development for Schools Agency	-	19	19
Students' Union	116	-	116
	10,030	355	10,385

19 Specific Endowments - University only

	Total £ 000
At 1st August 2005	161
Transferred from Income & Expenditure Account	28
At 31st July 2006	189
Representing:	
Prize Fund	12
Other Funds	177
	189

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

20 Revaluation Reserve

	2006 Group £ 000	2006 University £ 000	2005 Group £ 000	2005 University £ 000
Revaluations				
At 1st August 2005	16,878	16,809	16,927	16,857
Add: Surplus on Revaluation	9,528	5,777	-	-
Add: Depreciation reversed on Revaluation	1,172	923	-	-
Less: Disposal of Tangible Assets	-	-	72	72
Less: Contribution to depreciation for the year	(121)	(120)	(121)	(120)
At 31st July 2006	27,457	23,389	16,878	16,809
Represented by:				
Endowment fixed assets (University assets)	23,389	23,389	16,809	16,809
Other fixed assets (Subsidiary's assets)	4,068	-	69	-
	27,457	23,389	16,878	16,809

21 Income and Expenditure Account Reserve - Group and University

	2006		2005 as restated	
	Group £ 000	University £ 000	Group £ 000	University £ 000
Balance at 1st August 2005 as previously stated	16,812	17,337	21,636	22,263
Prior year adjustment re enhanced pensions	-	-	(493)	(493)
Prior year adjustment re FRS 17 provision	-	-	(4,668)	(4,668)
Balance at 1st August 2005 as restated	16,812	17,337	16,475	17,102
Surplus for the Year	2,419	2,196	304	203
Actuarial Gain / (Loss) in Respect of Pension Scheme	(184)	(184)	(16)	(16)
Transfer from Revaluation Reserve re disposal	-	-	(72)	(72)
Release from Revaluation Reserve	121	120	121	120
Balance at 31st July 2006	19,168	19,469	16,812	17,337

Balance represented by

Income and Expenditure Account	24,143	24,444	21,660	22,185
Pension Reserve	(4,975)	(4,975)	(4,848)	(4,848)
	19,168	19,469	16,812	17,337

22 Capital Commitments - Group & University

	2006		2005	
	Group £ 000	University £ 000	Group £ 000	University £ 000
Commitments Contracted	1,727	1,727	29	29

23 Reconciliation of Consolidated Operating Surplus to Net Cash Flow from Operating Activities

	2006 £ 000	2005 as restated £ 000
Surplus before tax on continuing operations after depreciation of assets at valuation or cost	2,489	385
Depreciation	1,169	1,206
Deferred Capital Grants Released	(123)	(107)
Endowment and Investment Income	(377)	(211)
(Profit) /Loss on Sale of Assets	1	11
Interest Payable	672	798
Pension costs less contributions payable (notes 6, 8, & 31)	(57)	164
Decrease/(Increase) in Stocks	7	5
Decrease/(Increase) in Debtors	2,287	111
(Decrease)/Increase in Creditors	(14)	1,697
(Decrease)/Increase in Provisions	(4)	33
Net Cash (Outflow) / Inflow from Operating Activities	6,050	4,092

24 Returns on Investments and Servicing of Finance

	2006	2005 as
	£ 000	restated
		£ 000
Income from Endowments	-	1
Donations received	-	115
Other Interest Received	377	211
Interest Paid	(672)	(798)
	<u>(295)</u>	<u>(471)</u>

25 Capital Expenditure and Financial Investment

	2006	2005
	£ 000	£ 000
Tangible Assets acquired	(3,649)	(3,911)
Receipts from Sale of Assets and investments	34	41
Additional cost of disposal	-	(7)
Deferred Capital Grants received	2,585	1,564
	<u>(1,030)</u>	<u>(2,313)</u>

26 Analysis of Changes in Group Financing During the Year

	2006	2005
	£ 000	£ 000
Mortgages and Loans		
Balance at 1st August 2005	<u>11,414</u>	<u>11,502</u>
Accrued Interest added to Loan	11	12
New Loans	-	-
Capital Repayments	(200)	(100)
Net Amount (Repaid)/Acquired in Year	<u>(189)</u>	<u>(88)</u>
Balance at 31st July 2006	<u>11,225</u>	<u>11,414</u>

27 Analysis of Changes in Net Debt / Funds

	At 1st		Other	At 31st
	August	Cash Flow	Changes	July
	2005		£ 000	2006
	£ 000	£ 000	£ 000	£ 000
Endowment Cash	159	30	-	189
Cash at Bank and In Hand	1,164	(407)	-	757
Short Term Deposits	3,679	4,913	-	8,592
Debt due within one year	(200)	200	(549)	(549)
Debt due after one year	(11,214)	-	538	(10,676)
	<u>(6,412)</u>	<u>4,736</u>	<u>(11)</u>	<u>(1,687)</u>

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 2006 is £671,718 (2005: £678,788.)

Commitments on operating leases can be analysed as follows:

	2006			2005		
	Buildings	Equipment	Total	Buildings	Equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Within one year	-	104	104	76	104	180
2-5 years	-	83	83	-	187	187
After 5 years	305	-	305	304	-	304
	<u>305</u>	<u>187</u>	<u>492</u>	<u>380</u>	<u>291</u>	<u>671</u>

29 Restructuring Costs - University Only

	2006	2005 as restated
	£ 000	£ 000
Cost of early retirement & redundancy	-	<u>500</u>

30 Prior year adjustment

The prior year adjustments relates to the full implementation of FRS 17 and related adjustments to the provision for enhanced pensions.

FRS 17 requires the assets of defined benefit pension schemes, such as the local government scheme, to be measured at market value at each balance sheet date.

The liabilities of these schemes are required to be measured using a specific valuation method & to be discounted using a corporate bond rate.

Any resulting share of the pension scheme surplus or deficit is recognised on the balance sheet of these accounts.

Any resulting gains & losses are recognised in the statement of total recognised gains & losses rather than being recognised gradually in the income & expenditure account.

The adoption of FRS 17 has resulted in the following impact on the income & expenditure account and statement of total recognised gains & losses.

In accordance with the transitional arrangements of FRS 17, these figures have been reported in the notes to the accounts since the year ending 31st July 2002, the first year for which the information was available.

The provision for enhanced pensions, which has not been reviewed for many years, has been restated using a similar method to calculate the liability.

30 Prior year adjustment (continued)

	Group 2005 £ 000	University 2005 £ 000
Income & expenditure reserve at 1st August 2004 as previously stated	21,636	22,263
Pension liability at 1st August 2004	(4,668)	(4,668)
Adjustment to provision for enhanced pensions at 1st August 2004	(493)	(493)
Income & expenditure reserve at 1st August 2004 as restated	16,475	17,102
Surplus for the year as previously stated	507	406
Movement in provision for enhanced pensions	(39)	(39)
Movement during 2004/5 for FRS 17:		
Employer service cost	(711)	(711)
Employer contributions	675	675
Past service costs	-	-
Net interest / return on assets	(128)	(128)
Actuarial gain / loss	(16)	(16)
Transfer from Revaluation Reserve re disposal	(72)	(72)
Release from Revaluation Reserve	121	120
Income & expenditure reserve as restated at 31st July 2005	16,812	17,337

31 Pensions

	2006 £ 000	2005 £ 000
Total pension costs for the year		
Teachers Pension Scheme: contributions paid	941	916
Church of England Pension Scheme: contributions paid	4	3
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account	729	711
Enhanced pension charged to the Income & Expenditure account	62	98
	1,736	1,728

North Yorkshire County Council Superannuation Fund: charge to Income & Expenditure account

Service cost	851	711
Past service cost	(309)	-
Curtailment cost	187	-
	729	711

31 Pensions (continued)

North Yorkshire County Council Superannuation Fund: Pension finance income / (costs)

Expected return on pension scheme assets	14	920
Interest on pension liabilities	-	(792)
	14	128

North Yorkshire County Council Superannuation Fund: Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2006	2005 as restated
	£ 000	£ 000
Actual return less expected return on pension scheme assets	1,003	1,660
Experience gains and losses arising on the scheme liabilities	(439)	680
Change in financial and demographic assumptions underlying the scheme liabilities	(748)	(2,356)
Actuarial gain / (loss) recognised in STRGL	(184)	(16)

North Yorkshire County Council Superannuation Fund: Movement in deficit during the year

Deficit in the scheme at 1st August	4,848	4,668
Current service cost	851	711
Employer contributions	(800)	(675)
Past service costs	(309)	-
Curtailment costs	187	-
Net interest / return on assets	14	128
Actuarial (gain) / loss	184	16
Deficit in the scheme at 31st July	4,975	4,848

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

	2006	2005	2004	2003	2002
Difference between the expected & actual return on assets:					
Percentage of scheme assets	1,003	1,660	3	201	2,578
	6.02%	11.64%	0.03%	2.01%	28.93%
Experience gains and losses arising on the scheme liabilities	(439)	680	-	-	-
Percentage of scheme liabilities	2.00%	3.60%	0.00%	0.00%	0.00%
Total amount recognised in STRGL	(184)	(16)	(273)	(1,382)	(2,599)
Percentage of scheme liabilities	0.90%	0.10%	1.71%	9.75%	22.00%

31. Pension (continued)

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

- 13.5% for academic staff.
- 13.8% from 1st April 2006 (increased from 10%) for ancillary staff who contribute 5% of their salary
- 13.8% from 1st April 2006 (increased from 12%) for other non-academic staff.

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 TPS is a statutory, contributory, final salary scheme. The regulations under which the scheme 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 education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are able to opt out of the scheme.

Although teachers / lecturers are employed by LAs and various other bodies, their retirement and other superannuation 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 TPS, which is an unfunded scheme, 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). With effect from 1 April 2001, the Account was credited with a real rate of return (in excess of price increases and currently set at 3.5%), which was equivalent to assuming that the balance in the Account is invested in notional investments that produced that real rate of return.

Not less than every five years, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions. The next actuarial review, effective as at 31 March 2004 and covering the previous three financial years, is expected to be published in September 2006 when the outcome of the consultation on scheme modernisation will be known. The consultation (<http://www.dfes.gov.uk/consultations/conDetails.cfm?consultationId=1396>) also sets out the new contribution rates, effective from 1 January 2007, which takes into account expected Scheme reforms and retention of age 60 as the normal pension age for existing members:

- The Employer contribution rate will rise to 14.1% from 13.5% currently; and
- The Member contribution rate will rise to 6.4% from 6% currently.

York St John University
Financial Statements for the year ended 31st July 2006

The last published actuarial review as at 31 March 2001 (covering the period from 1 April 1996) assumed that the review should be such that the value of the scheme assets equals the value of the scheme liabilities. The scheme assets consist of the notional investments and the future contributions in respect of existing members. Thus, the balance in the Account as at 31 March 2001 was determined by the difference between the value of the scheme liabilities and the value of future contributions.

Contributions are assessed in two parts. Initially, a normal contribution is determined. This is the contribution, expressed as a percentage of the salary of a teacher / lecturer newly entering service, which would defray the cost of benefits payable in respect of that service. Teachers / lecturers currently pay 6% of salary whilst their employers pay the balance of the normal contribution. A supplementary contribution is payable by employers 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 normal contributions to be paid in future, and by the fund built up from past contributions. Because the liabilities were put into balance for the 2001 valuation, there was no supplementary contribution. From 1 April 2003, employers have paid 13.5% of salary.

The GA's report of March 2003 on the current valuation (April 1996 to March 2001) revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £142,880 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £142,880 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 7%.

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. The assessment was based on the assumptions that investment returns would be 6.6% per annum pre retirement and 5.1% thereafter, a rate of increase in salaries of 4.55% and that present and future pensions would increase at a rate of 2.8% per annum. 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.

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.

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 2006 independent actuary.

York St John University
Financial Statements for the year ended 31st July 2006

**Actuarial assumptions for the North Yorkshire County
Council Superannuation Fund:**

	Beginning of the year	End of the year
Rate of inflation	2.70%	3.00%
Rate of increases in salaries	4.45%	4.75%
Rate of increases in pensions	2.70%	3.00%
Discount rate	5.00%	5.10%

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

	Long-term rate of return at 31st July 2006	Value at 31st July 2006	Long-term rate of return expected at 31st July 2005	Value at 31st July 2005
		£000		£000
Equities	7.00%	12,438	7.50%	11,108
Government Bonds	4.40%	1,182	4.40%	-
Other Bonds	5.10%	1,948	5.00%	2,966
Cash	4.50%	1,082	4.50%	185
Total Market Value of assets		<u>16,650</u>		<u>14,259</u>
Liabilities		<u>(21,625)</u>		<u>(19,107)</u>
Deficit		<u>(4,975)</u>		<u>(4,848)</u>

The market value of total fund assets was £1,114 millions as at 30 June 2006.

The provisions of LGPS were changed during the year, by the introduction of the Local Government Pension Scheme (Amendment) Regulations 2006 and the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2006. The first of set of Regulations allows members to take a higher lump sum than the standard 3/80ths basis by commuting part of their pension. This has been introduced as part of the cost-saving measures following the revocation of the Rule of 85 changes in 2005. The commutation terms are such that it is less costly for the scheme to provide the lump sum than the pension, so to the extent that members take up the option it will reduce the employers' pension costs. The actuaries have made allowance for this, on the Local Government Pension Scheme Supplementary Paper on FRS 17 Calculations assumption that 50% of members will take up the option to increase their lump sum to the maximum available. The 50% assumption is purely an estimate, but it is consistent with the basis on which the potential cost savings have so far been estimated. The effect of this change is shown as a "past service gain".

York St John University
Financial Statements for the year ended 31st July 2006

32. a) 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.

	2005/06	2004/05
	£000	£000
Income Received	281	256
Interest Added	4	5
	285	261
Disbursements	285	236

32. b) TDA Training Bursaries

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

	2005/06	2004/05
	£000	£ 000
Income Received	1,560	1,482
Disbursements	1,315	1,378

32. c) TDA Ethnic Minority Recruitment Funding

In the year, the University received income of £27k (2005: £17k) from TDA for Ethnic Minority Recruitment Funding. A total of £19k (2005: £8k) was spent in the year, including funds brought forward of £7k, leaving a balance carried forward of £8k (2004: £16k).

33. Related Party Transactions

The University made a grant to the York St John Students' Union of £212,000 (2005: £220,000) and charged rent of £10,699 (2005: £11,498).

The University received project funding of £142,189 from Yorkshire Universities (2005: £279,453). The University paid £14,803 to Yorkshire Universities in affiliation fees (2005: £7,710).

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 were:

York St John University
Financial Statements for the year ended 31st July 2006

	Group		University	
	Income	Expenditure	Income	Expenditure
North Yorkshire County Council	4,642	158,071	4,642	158,071
University of Leeds	195,142	82,324	195,142	82,324
City of York Council	34,054	230,163	31,677	223,239
Yorkshire Film Archive	23,714	34,078	4,504	34,000
York Museum Trust	5,000	-	5,000	-