

Financial Statements 2008-09



Financial Statements for the year ended 31st July 2009

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York St John University
Financial Statements for the year ended 31st July 2009

University Information

Governors

Trustee Governors

Office

		<u>Date of Appointment</u>	<u>Date of Expiry of</u>
Representative of the Lord Archbishop of York	Prof Gerald J Pillay	01/03/2007	31/08/2010
Diocese of Bradford	Fiona Beevers	01/09/2005	31/08/2011
Diocese of Ripon & Leeds	Dr Richard Byrn	01/09/2000	31/08/2009
	Rt Revd James Bell	01/09/2009	31/08/2012
Diocese of York	Rt Revd David Smith	01/09/2003	31/08/2012
Diocese of Wakefield	Revd Paul Wilcock	01/09/2000	31/08/2009
	Revd John Hadjioannou	01/09/2009	31/08/2012
General Synod Board of Education	Michael Lindley	01/01/2008	31/08/2010
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 Hall	01/09/2000	31/08/2011
	John Finnigan	01/09/2005	31/08/2011
	Diana Gant	01/09/2005	31/08/2011
	Paul Murphy	01/09/2006	31/08/2012
	Canon Dr Ann Lees	01/10/2008	31/08/2011
	Vicky Biles ¹	01/09/2006	31/08/2012

Governors

University of Leeds	Miriam Zukas	01/09/2008	31/08/2009
	Prof David Sugden	01/09/2009	31/08/2012
Vice Chancellor (ex-officio)	Prof Dianne Willcocks	ex officio	
Staff Governor	Stella Jones-Devitt	01/09/2007	31/08/2010
Staff Governor	Diana Wetherell Terry	01/09/2008	31/08/2011
Staff Governor	Alex Swift	01/09/2007	19/06/2009
Staff Governor	Simon Newton	01/09/2009	31/08/2012
Student Governor (President of Students' Union)	Jason Wallis	ex officio	
North Yorkshire County Council	Cllr Roger Harrison-Topham	01/09/2001	31/08/2009
	Vacancy	01/09/2009	31/08/2012
City of York Council	Cllr Roger Pierce	01/09/2007	31/08/2010
4 unrestricted co-options	Gurdeep Kaur Chadha	01/09/2005	31/08/2011
	Jane Hanstock	01/09/2006	31/08/2012
	Martin Hathaway	01/09/2009	31/08/2012
	Richard Coates	06/01/2009	31/08/2011

Corporate Trustee (limited by guarantee)	York St John Endowment, a registered charity
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 Looker BA (Hons)
Director of Finance	John Gallacher BA, FCA

Bankers

Barclays Bank plc
Parliament Street
York YO1 1XD

External Auditors

KPMG LLP
1 The Embankment
Leeds LS1 4DW

Internal Auditors

PriceWaterhouse
Coopers LLP
Benson House
33 Wellington Street
Leeds LS1 4JP

Solicitors

Langleys
Queens House
Micklegate
York YO1 6WG

Corporate Office

Lord Mayor's Walk
York YO31 7EX

Status

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

¹ Originally appointed as an unrestricted co-optee. Became a restricted co-optee on 1st September 2008.

Operating and Financial Review

Scope and period of accounts

These financial statements show the results of York St John University for the year ended 31 July 2009.

The University is an unincorporated charitable trust. The University's 25% interest in Knowledge Base (UK) Limited (2008: 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 the operations of this company, which is currently in liquidation. This investment has been written off during the year. The financial statements exclude the results for the York St John Students' Union, which is a separate entity. The Operating and Financial Review was prepared in accordance with the Accounting Standards Board's Reporting Statement, Charity Commission guidance on public benefit and section 4 of the Charities Act 2006.

Highlights

The year ended 31 July 2009 has seen a number of significant developments which have an impact on these financial statements:

- The university's subsidiary undertaking, York St John Enterprises Ltd ceased trading on 1st April 2008. These financial statements therefore present the results for the university, whilst last year's financial statements presented the consolidated position including the subsidiary. This has had a significant impact on the financial statements, as the 2007/08 income and expenditure includes a donation from the subsidiary company of £7,622k and an associated impairment on the buildings transferred of £4,613k which arose as part of the cessation of York St John Enterprise Ltd.
- The award winning De Grey Court development was completed during the year, which has caused a significant reduction in net capital expenditure (see note 25) to £3,277k from £30,047k in 2007/08. Capital spend will be more modest in the near to medium term, with forecast spend of a total of £3m in the period to July 2011.
- In September 2008 the first students moved into purpose-built, self-catering accommodation on Percy's Lane leased by the University. The accommodation for 272 students is split into cluster flats with en-suite facilities, for small groups of students, and self-contained studio flats.
- The land and buildings have been revalued on an interim basis this year. This has given rise to a deficit on revaluation of £4m.

The University objectives, strategic aims and public benefit

The University operates within a Strategic and Corporate Plan developed by the Senior Management Team, informed and approved by the Governing Body. This Corporate Plan for the period 2007-2012 sets out eight Key Strategic Aims, within which Objectives, Priorities and Main Outcomes have been specified. These objectives have been set with the Charity Commission public benefit guidance in mind.

The Key Strategic Aims are;

1. To be an inclusive and accessible University by focusing on widening participation, retention, progression partnerships and employer engagement.
2. To provide flexible student-centred curricula with excellent teaching by focusing on a flexible, high-quality and distinctive provision, and to be a Centre for Excellence.

3. To be an employer of choice, focusing on work-life balance, staff development and performance, equality and diversity, and reward and recognition.
4. To be a leading regional University with a developing internationalisation agenda.
5. To be a learning organisation promoting lifelong learning through partnership and collaboration through collaborative provision, community partnerships, and learning organisation.
6. To offer a transforming student experience at a technologically-enabled campus.
7. To build capacity and good practice in research and knowledge exchange.
8. To be financially and environmentally sustainable, with good governance and excellent estates and facilities.

The University is committed to the provision of excellent, open and progressive higher education that embraces difference, challenges prejudice and promotes justice, and is shaped by the University's Church foundation. Building on this foundation, we will:

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

The University engages with the local & regional community in a variety of different ways including student and staff volunteering, access to facilities, co-operative projects, & participation in civic activities.

Public benefits and access to them are described throughout this report.

Resources, principal risks and uncertainties that might affect the University's long-term financial position

The Vice Chancellor's Advisory Group (VAG) and the Senior Management Team (SMT) amended the approach to risk management in 2007/8. Risk to the University's effectiveness, reputation and sustainability is managed by the University's Senior Management Team. The Vice-Chancellor has ultimate responsibility for the management of risk. The Governors maintain oversight of University risk management.

The management of risk and the implementation of all procedures designed to ensure control is the business of all University managers and employees, but designated managers have been identified to manage and report on the current status of key risks. These managers produce and maintain risk statements, procedures and business continuity plans and critical incident plans and will review them annually with designated committees or the Senior Management Team as appropriate.

An overall table of risk status is produced and updated annually or as necessary by members of the Senior Management Team. The Vice-Chancellor and VAG will review the status of the table of University risks twice annually, considering risk statements and any supporting indicators. The reviews take place in November and March. An Annual Risk Report is made to Academic Board in June. The report confirms the current status of risk (scored as to impact and likelihood), notes changes in risk score proposed for the forthcoming academic year and any major factors which have

influenced changed scores and confirm the existence of risk statements and risk mitigation arrangements.

Eleven areas of risk have been identified. Most have low levels of risk. However the financial uncertainty surrounding the economy and higher education funding is reflected in a higher risk status for financial resilience and the delivery of some aspects of the corporate plan. This is reflected in the actions taken under the Financial Resilience Programme described below.

The KPIs show that the University is on track with its response to the financial challenges but recognises the seriousness of the continuing risk through its dual traffic light approach. One set of traffic lights shows the likelihood & impact of the risk, while a second set of lights shows whether progress in managing that risk is on target, exceeding expectations, or causing concern.

Briefly the key financial issues facing the University and the sector are

- Funding: Public and Fees uncertainty
- Pay and Pension Liabilities
- Student numbers and profile

During the course of the year the University undertook an extensive Academic Activities Review (AAR). The purpose of the review was to identify and make changes necessary for the University to implement the Learning Reconsidered and Employer Engagement agendas. This will enhance the student learning experience, improving the flexibility of the modes of delivery and the responsiveness of the University.

Growing and improving our position as a University of choice in an environment of increasing competition and difficult financial conditions will depend as much on creating an outstanding learning experience for students as they progress along their course of study as it will on our being able to attract the students by our academic offer.

The University Activities Review (UAR) sought to build on the decisions taken around the University's academic curriculum and development through the AAR. The review was concerned with the ways in which University activities are carried out, the frameworks within which the University operates and how the University engages externally. In particular the UAR was concerned with ensuring fitness for purpose in a fast changing external environment. It was informed by a review of internal structures and the ways of working and external engagement with a view to achieving an appropriate balance between the centralisation of functions and processes and their devolution to faculties.

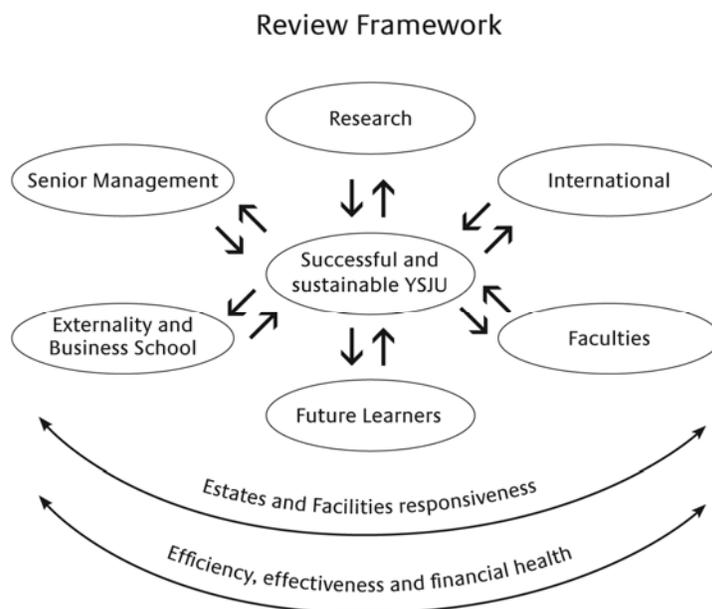
The second strand of the UAR was to identify and secure all possible efficiencies and savings and the maximising of the potential for income generation from diverse sources.

The review sought to enhance the University's institutional capacity and leadership to manage in a complex and changing higher education sector and external environment. Institutions will have to become more dynamic and flexible. We will have to be prepared to consider new business models, including more varied and flexible employment contracts and working arrangements. Consideration will also be given to increasing partnerships with those in professional workplaces and the private sector. These measures will protect the overall sustainability of the University and further invest in academic activity.

We will have to be prepared to consider new business models, more varied and flexible employment contracts and working arrangements and increased partnering with those in professional workplaces

and the private sector in order to protect the overall sustainability of the University and further invest in academic activity.

Contributions to the review have clustered around six major areas as shown in the Review Framework below:



Building on the earlier AAR and UAR the University has begun a Financial Resilience Programme over the period to July 2012. Resilience was chosen deliberately to encapsulate an objective that when achieved would enable the University to overcome challenges, take advantage of opportunities and drive initiatives rather than be dominated by events.

The key objectives to 2012 are

- Improve liquidity with around £10m in cash and investments
- Borrowings not to exceed 33% of annual income
- Staff costs not to exceed 60% of annual income
- Operating surpluses of 1-2%

Annual Operating Plans prepared in parallel with these review processes have been revisited following decisions taken at the end of May in light of the University Activity Review, and this Corporate Planning Statement reflects the structural changes that will come into effect from September 2009. We have continued with the traffic-light system introduced in 2008 as an aid to monitoring of progress with achieving the agreed Corporate Plan 2012 outcomes and extended their use by incorporating risk and progress against target traffic light indicators on our KPI table.

Development and Performance

Financial Review

The University took over the activities of its trading subsidiary on 1st April 2008. This has had a significant impact on these financial statements, as explained in the introductory highlights section and the notes to the financial statements. In order to provide a meaningful comparison, the financial

review information shown below has compared the results for the university only this year with the consolidated position for previous years:

	University only	Consolidated results			
	2008/09	2007/08	2006/07	2005/06	2004/05
	£m	£m	£m	£m	£m
Income	40.9	36.2	33.2	29.6	26.1
Expenditure	40.7	35.2	31.5	27.1	24.9
Surplus after depreciation of assets at valuation and before taxation	0.2	1.0	1.7	2.5	1.2
Restructuring costs	-	-	-	-	(0.6)
Profit /(loss) on disposal of fixed assets	(0.1)	-	-	-	-
Surplus after depreciation of assets at valuation and disposal of assets, but before taxation	0.1	1.0	1.7	2.5	0.6
Taxation (release of deferred taxation provision in York St John Enterprises Ltd)	-	0.3	-	-	-
Surplus after depreciation of assets at valuation, disposal of assets, and taxation	0.1	1.3	1.7	2.5	0.6
Transfer to endowments	-	-	-	-	-
Surplus for the year retained within general reserves	0.1	1.3	1.7	2.5	0.6
Surplus retained as a % of income	0.2%	3.6%	5.1%	8.4%	2.3%

The University's financial target was to achieve a sustainable surplus on continuing activities in the range 3% to 5% of income but is being revised as noted in light of issues triggered by the current global economic conditions. Target surpluses are reported in the Financial Forecasts to 2010-11 submitted to HEFCE and are evaluated each year. The University is reporting a surplus of income over expenditure of £0.1m for the year ended 31st July 2009 (2008 consolidation: £1.3m).

The cash position of the University remains healthy, showing a balance of £4.3m (2008: £5.7m).

Comparing the University's position with the consolidated figures for 2008 removes the effect of the transfer of activities from the trading subsidiary. On that basis income grew by 12% in the year, including increases in grant income, tuition fees, & residence income. Costs increased by 14.8% with staff costs increasing by 11%, including an increase in the FRS17 provision for pension costs. The actuarial assessment of the pension fund for FRS17 disclosure indicated an increased deficit in the fund of which the University's share rose to £12.9m. Other operating costs increased by 12.1%. The University achieved additional student numbers largely through the partnership with Higher York.

Looking forward income growth is likely to be constrained as significant project funding comes to an end. The cost base will need to be carefully controlled to meet the key financial targets noted above whilst maintaining our commitment to an excellent student experience.

Forecast Results Summary to 2012

	2009-10	2010-11	2011-12
	£m	£m	£m
Income	40.1	39.8	39.0
Expenditure	40.1	39.2	38.6
Operating Surplus after depreciation before taxation	0.0	0.6	0.4
Historical Cost Surplus	0.2	0.7	0.6
Cash and investments	6.1	9.5	10.3
Borrowings as a % of Income	32.4%	32.7%	32.7%
Staff Cost as a % of Income	59.0%	58.0%	58.2%
Capital Spend	2.3	0.7	2.1

Capital Programme

The De Grey Court development has been completed during the year. The total cost of this project was £15.5m, and £10.2m of this was included in assets under the course of construction at 31st July 2008. Having completed a significant programme of capital investment over the last 8 years, capital spend will be more modest over the forecast period at around £3m in the period to July 2011.

Treasury Policies & Objectives

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.

Current and Future Development and Performance

Students

Admissions are based on broad admissions criteria, and bursaries are available on a means tested basis.

The student population was 5,405 at June 2009, slightly down from the previous year's figure of 5,555 at the same point. The rate of withdrawals fell from 9.6% in 2007/08 to 7% in 2008/09.

1,054 students achieved a degree in the year (2008: 1,336). 79% of the previous year's graduates are in full or part time employment (2008: 80%).

Summary of Key Performance Indicators

The latest information available for the 14 most important performance indicators for the University are summarised below. Items marked * will be available in May 2010 from HEFCE.

	2008/09	2007/08	2006/07	2005/06
Entrants from State Schools	*	94.4%	93.2%	94.4%
Entrants from low participation neighbourhoods (NB a new definition of this statistic was introduced in 2006/07)	*	13.0%	13.0%	Not available
Entrants from low socio-economic groups	*	32.4%	28.9%	31.5%
Continuation to a second year of study	*	90.7%	91.3%	90.7%
Completion Rates on undergraduate programmes	*	79.9%	78.5%	80.2%
Student satisfaction (National Student Survey)	80%	81%	78%	74%
Student Destination	*	92.1%	93.5%	93.0%
Student: Staff Ratios	*	20.0	22.3	24.9
Staff Satisfaction (survey conducted every 2 years)	N/A	94%	N/A	87%
Staff turnover	9.4%	11.4%	9.1%	17.0%
Operating Surplus as a % of Income	0.5%	3.0%	5.2%	8.4%
Staff costs as a % of Income	56.4%	57.6%	56.4%	55.7%
Net liquidity ratio days	41	61	113	131
External Borrowings as a % of Income	31.8%	35.9%	31.4%	37.3%

The University's Estate

Since 2000, a considerable investment via some 78 capital projects has taken place to develop a modern campus combining contemporary and historic buildings, including some high quality state of the art student residential accommodation. The total invested in the estate directly and indirectly in this period is circa £70 million. The success of this investment and the high quality of Estate Management continues to be recognised by HEFCE with the University receiving Capital Round 5 funding on the basis of its performance and plans. Data from the University annual return to HEFCE shown below compares the estate with the sector using the 2007/08 averages of the standard classifications of the Royal Institution of Chartered Surveyors.

Indicator	York St John University	Sector Median (2007/08)	Variance
Building Condition- % condition A and B ²	73%	71%	+2%
Functional Suitability - % grade 1 and 2 ³	89%	79%	+10%

² A= As new condition; B=Sound, operational safe; C=Operational but major repair or replacement needed; D=Inoperable

³ 1=Excellent; 2=Good; 3=Fair; 4=Poor

The estate has more buildings in the top two categories than the average rating for the sector. The 2008 – 2018 Estate Strategy III completed in November 2008 will play a major role in informing capital investment, in particular over the next 5 years.

Employees

The University employs 550 people (expressed as full time equivalents, 2008: 534), of whom 291 (2008: 281) are in academic faculties.

The University uses a range of processes to ensure that staff are involved and kept informed about developments in the University. Staff Forum meetings are held during the year for staff to engage in discussion on key issues, 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, and key financial information including monthly results and forecasts are published on the staff intranet.

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 University Strategic Analyst 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 University maintains insurance to cover:

- legal liability for any wrongful act or omission resulting in a civil liability in the course of provision of education and 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
16th November 2009

On behalf of the Governing Body
Robin Hall
Pro Chancellor
16th November 2009

Statement of Corporate Governance and Internal Control

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 2006. 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 2009. 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 2009 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 are mainly comprised of lay members of the Governing Body, one of whom is the Chair. The committee structure of the University was reviewed during the year to 31st July 2008 and one of the outcomes was that responsibility for the Human Resources Development Committee was transferred, with effect from 1st September 2008, to the University management whilst retaining a Governor presence.

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.

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

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

Appointments to the Governing Body

The 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's 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 2009 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, together with regular reports from Internal Audit and the Health and Safety Committee which include recommendations for improvement. They consider possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units, reinforced by risk awareness training. Audit Committee also receive regular reports from Internal Audit which include

Financial Statements for the year ended 31st July 2009

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 2009 meeting, the Governing Body carried out the annual assessment for the year ended 31st July 2009 by considering documentation from the Senior Management Team and Internal Audit, and taking account of events since 31st July 2009.

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
16th November 2009

On behalf of the Governing Body
Robin Hall
Pro Chancellor
16th November 2009

Statement of Responsibilities of the University's Governing Body

In accordance with the University's Constitution, the Governing Body is responsible for ensuring the proper administration and management of the affairs of the University, 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 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 (2007) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for England, the Governing Body of the University, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University, and of the surplus or deficit and cash flows for that period.

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

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

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England (HEFCE), the 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.

The maintenance and integrity of York St John University's website is the responsibility of the Governing Body of the University. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Professor Dianne Willcocks
Vice Chancellor
16th November 2009

On behalf of the Governing Body
Robin Hall
Pro Chancellor
16th November 2009

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

We have audited the University financial statements (the "financial statements") of York St John University for the year ended 31 July 2009 which comprise the University Income and Expenditure Account, the University Balance Sheet, the University Cash Flow Statement, the University 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 therein.

This report is made solely to the Governing Body, in accordance 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 Governing Body and Auditors

The University Governing Body's responsibilities for preparing the Operating and Financial Review and 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 (2007), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 15.

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 (2007). 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 Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Operating and Financial Review 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 judgments made by the University's Governing Body in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 the University's affairs as at 31 July 2009 and of the University's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007);
- 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 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 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 Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

Jeremy Gledhill
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

**Income and Expenditure Account
for the Year Ended 31st July 2009**

	Note	2008/09 £ 000	2007/08 £ 000
INCOME			
Funding Council income	1	18,830	17,628
Tuition fees and educational contracts	2	15,119	12,360
Research grants and contracts	3	44	26
Other income	4	6,807	5,906
Endowment and investment income	5	109	8,696
TOTAL INCOME		40,909	44,616
EXPENDITURE			
Staff costs	6	23,061	20,818
Other operating expenses	10	14,064	12,549
Depreciation	11	2,292	1,331
Interest and other financial costs	8	1,266	725
TOTAL EXPENDITURE		40,683	35,423
Surplus after depreciation of assets at valuation and before taxation		226	9,193
Profit / (Loss) on disposal of assets		(102)	578
Impairment	5	-	(4,613)
Surplus after depreciation of assets at valuation, and disposal of assets, but before taxation		124	5,158
Taxation	9	-	-
Surplus after depreciation of assets at valuation, disposal of assets, and taxation		124	5,158
Surplus / (deficit) for the year transferred to accumulated income in endowment funds		46	28
Surplus for the year retained within general reserves	20	170	5,186

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

The University's subsidiary undertaking, York St John Enterprises Ltd ceased trading on 1st April 2008.

The Financial Statements therefore relate solely to the University, as opposed to the consolidated Financial Statements which were presented for the year to 31st July 2008.

**Statement of Historical Cost Surpluses and Deficits
for the Year Ended 31st July 2009**

	Note	2008/09 £ 000	2007/08 £ 000
Surplus on continuing operations before taxation		124	5,158
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	20	138	141
Valuation gains / (losses) realised on disposal of tangible fixed assets	21	27	-
Historical cost surplus before taxation		<u>289</u>	<u>5,299</u>
Taxation	9	-	-
Historical cost surplus after taxation		<u><u>289</u></u>	<u><u>5,299</u></u>

**Statement of Total Recognised Gains and Losses
for the Year Ended 31st July 2009**

	Note	2008/09 £ 000	2007/08 £ 000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and taxation		124	5,158
Unrealised deficit on revaluation of fixed assets		(3,987)	-
New Endowments	19	80	23
Actuarial loss in respect of pension scheme	30	(1,274)	(6,087)
Total recognised gains / (losses) relating to the year		<u>(5,057)</u>	<u>(906)</u>

**Reconciliation of Opening & Closing Reserves
for the Year Ended 31st July 2009**

	Note	2008/09 £ 000	2007/08 £ 000
Opening reserves and endowments			
Endowments		220	225
Income & expenditure	20	21,483	22,243
Revaluation reserve	21	23,106	23,247
		<u>44,809</u>	<u>45,715</u>
Total recognised gains for the year		<u>(5,057)</u>	<u>(906)</u>
		<u><u>39,752</u></u>	<u><u>44,809</u></u>
Closing reserves and endowments			
Endowments		254	220
Income & expenditure	20	20,544	21,483
Revaluation reserve	21	18,954	23,106
		<u>39,752</u>	<u>44,809</u>

Balance Sheet as at 31st July

	Note	2009 £ 000	2008 £ 000
Fixed assets			
Tangible assets	11	76,639	79,550
Investments	12	-	1
		<u>76,639</u>	<u>79,551</u>
Endowment assets	13	254	220
Current assets			
Stocks		27	28
Debtors due within one year	14	3,424	2,324
Debtors due after more than one year	14	39	-
Investments - short term deposits		3,085	4,961
Cash at bank and in hand		1,192	692
		<u>7,767</u>	<u>8,005</u>
Creditors: amounts falling due within one year	15	(5,449)	(5,182)
Net current assets		<u>2,318</u>	<u>2,823</u>
Total assets less current liabilities		79,211	82,594
Creditors: amounts falling due after more than one year	16	(13,372)	(13,403)
Provisions for liabilities and charges	17	(1,164)	(1,277)
Net assets excluding pension liability		<u>64,675</u>	<u>67,914</u>
Net pension liability	30	(12,999)	(10,914)
NET ASSETS including pension liability		<u>51,676</u>	<u>57,000</u>
Deferred capital grants	18	<u>11,924</u>	<u>12,191</u>
Endowments			
Restricted expendable	19	212	178
Restricted permanent	19	42	42
		<u>254</u>	<u>220</u>
Reserves			
Income and expenditure account excluding pension reserve	20	33,543	32,397
Pension reserve	30	(12,999)	(10,914)
Income and expenditure account including pension reserve	20	20,544	21,483
Revaluation reserve	21	18,954	23,106
		<u>39,498</u>	<u>44,589</u>
TOTAL FUNDS		<u>51,676</u>	<u>57,000</u>

The Financial Statements on pages 18 to 41 were approved by the Governors on 16th November 2009 and signed on their behalf by :

Professor Dianne Willcocks, Vice Chancellor

Robin Hall, Pro Chancellor

**Cash Flow Statement
 for the Year Ended 31st July 2009**

	Note	2008/09 £ 000	2007/08 £ 000
Net cash inflow from operating activities	23	3,092	16,135
Returns on investments and servicing of finance	24	(1,157)	7,971
Capital expenditure and financial investment	25	(3,277)	(30,047)
Management of liquid resources		1,876	692
Financing	26	-	1,511
Increase / (decrease) in cash		<u>534</u>	<u>(3,738)</u>

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

	Note	2008/09 £ 000	2007/08 £ 000
Increase / (decrease) in cash in the year		534	(3,738)
Increase / (decrease) in short term deposits		(1,876)	(692)
(Increase) / decrease in debt	26	-	(1,511)
Decrease/ (increase) in net debt		<u>(1,342)</u>	<u>(5,941)</u>
Net funds / (debt) at 1st August 2008	27	<u>(7,127)</u>	<u>(1,186)</u>
Net funds / (debt) at 31st July 2009		<u>(8,469)</u>	<u>(7,127)</u>

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 (2007). 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.

Recognition of income

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

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

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

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

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

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

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

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

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

Agency arrangements

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

Leases and hire purchase contracts

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

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Fixed Assets

Land and buildings are included in the accounts at valuation. The assets are re-valued every five years, with an interim valuation after three years. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life, which varies between 20 and 100 years. The All Weather Pitch is depreciated over its expected useful life of 20 years, and Portakabins are depreciated over 3 years. The remaining economic life of the assets has been reviewed as part of the revaluation process. As a result the expected life of several buildings has been shortened, leading to an additional depreciation charge of £663k in 2009.

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

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

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

- between three and 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.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Assets held for resale

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

Investments

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

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

Stocks

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

Cash flows and liquid resources

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

Foreign currency translations

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

Accounting for research and development

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

Website development costs

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

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the University on the permanent endowment fund regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

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

Gifts in kind, including donated tangible fixed assets

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

Pension Costs

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

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

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

Enhanced pensions

The actual cost of certain enhanced 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.

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

Notes to the Financial Statements

1 Funding Council income

	2008/09			2007/08
	HEFCE	TDA	Total	Total
	£ 000	£ 000	£ 000	£ 000
Recurrent grant	12,906	3,566	16,472	15,644
Specific grants	1,905	78	1,983	1,733
Deferred capital grants:				
Buildings (note 18)	179	-	179	105
Equipment (note 18)	196	-	196	146
	<u>15,186</u>	<u>3,644</u>	<u>18,830</u>	<u>17,628</u>

2 Tuition fees and educational contracts

	2008/09	2007/08
	£ 000	£ 000
Home full-time students	9,101	6,769
Overseas students	1,476	1,462
Part-time students	685	554
Short course fees	404	308
Occupational therapy & physiotherapy students	3,453	3,267
	<u>15,119</u>	<u>12,360</u>

3 Research grants and contracts

	2008/09	2007/08
	£ 000	£ 000
Research councils and charities	40	26
Governmental	4	-
	<u>44</u>	<u>26</u>

4 Other income

	2008/09	2007/08
	£ 000	£ 000
Residences, catering and conferences	4,942	3,709
Releases from deferred capital grants, non Funding Council (note 18)	4	1
Other income	1,861	2,196
	<u>6,807</u>	<u>5,906</u>

5 Endowment and investment income

	2008/09	2007/08
	£ 000	£ 000
Income from expendable endowments	5	7
Income from permanent endowments	1	2
Income from short-term investments	103	435
Interest from subsidiary company	-	590
Donation from subsidiary company	-	7,662
	<u>109</u>	<u>8,696</u>

The subsidiary company, York St John Enterprises Ltd, ceased trading on 1st April 2008.

Following this the donation from subsidiary company in 2008 was from the realised profits of the company, including the profit it made on transfer of the buildings it held to the University at open market value.

The impairment of £4,613k shown in the University's income & expenditure account for 2008 reduced these buildings back to the existing use basis which was consistent with the basis of valuation of the other buildings held by the University.

6 Staff costs	2008/09	2007/08
	£ 000	£ 000
Wages and salaries	19,006	17,084
Social security	1,398	1,224
Other pension costs (including FRS17 adjustments, note 30)	2,657	2,510
	<u>23,061</u>	<u>20,818</u>

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

	Number	Number
Academic faculties	291	281
Academic services	71	74
Administration & central services	109	105
Premises	60	58
Residence & catering	19	16
	<u>550</u>	<u>534</u>

7 Higher paid employees

The emoluments of the Vice Chancellor during the year were:

	2008/09	2007/08
	£	£
Emoluments	170,000	160,000
Pension costs	23,970	22,560
	<u>193,970</u>	<u>182,560</u>

Remuneration (excluding pension contributions) of higher paid staff, including the Vice Chancellor

£100,000 - £110,000	1	-
£110,000 - £120,000	-	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	-
£150,000 - £160,000	-	1
£160,000 - £170,000	1	-
	<u>2</u>	<u>1</u>

8 Interest and other financial costs

	2008/09	2007/08
	£ 000	£ 000
Loans repayable in the year	-	2
Repayable wholly or partly in more than five years	746	631
Net charge on pension scheme	520	92
	<u>1,266</u>	<u>725</u>

9 Taxation

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	2008/09	2007/08
	£ 000	£ 000
Academic departments	17,301	15,375
Academic services	4,296	4,218
Premises	6,696	4,189
Residences, catering and conferences	1,840	2,302
Research grants and contracts	660	499
Administration and central services	3,319	3,304
General educational expenditure	5,046	3,995
Staff & student facilities	1,525	1,541
	<u>40,683</u>	<u>35,423</u>
 Other operating expenses include:		
External auditors remuneration in respect of audit services	29	28
External auditors remuneration in respect of non-audit services	4	21
Operating lease rentals		
Land and buildings	1,463	482
Other	77	104
	<u>77</u>	<u>104</u>

Premises costs have increased because a new leased residence has been brought into use.

11 Tangible fixed assets

	Freehold land and buildings £ 000	Motor Vehicles £ 000	Fixtures & Fittings £ 000	Computers £ 000	Equipment £ 000	Total £ 000
Valuation/Cost						
At 1st August 2008						
Valuation	43,799				-	43,799
Cost	38,725	39	2,216	2,045	1,769	44,794
Additions at cost	2,017	-	464	554	436	3,471
Deficit on revaluation	(10,828)	-	-	-	-	(10,828)
Disposals	(99)	-	(98)	(425)	(44)	(666)
At 31st July 2009						
Valuation	73,614					73,614
Cost	-	39	2,582	2,174	2,161	6,956
	<u>73,614</u>	<u>39</u>	<u>2,582</u>	<u>2,174</u>	<u>2,161</u>	<u>80,570</u>
Depreciation						
At 1st August 2008	5,586	20	928	1,531	978	9,043
Charge for Year	1,364	6	281	326	315	2,292
On revaluation	(6,841)	-	-	-	-	(6,841)
Disposals	-	-	(95)	(424)	(44)	(563)
Depreciation at 31st July 2009	<u>109</u>	<u>26</u>	<u>1,114</u>	<u>1,433</u>	<u>1,249</u>	<u>3,931</u>
Net book value						
At 31st July 2009	<u>73,505</u>	<u>13</u>	<u>1,468</u>	<u>741</u>	<u>912</u>	<u>76,639</u>
At 1st August 2008	<u>76,938</u>	<u>19</u>	<u>1,288</u>	<u>514</u>	<u>791</u>	<u>79,550</u>
Financed by:						
Capital grant	11,157	-	103	176	488	11,924
Other	62,348	13	1,365	565	424	64,715
Net book value at 31st July 2009	<u>73,505</u>	<u>13</u>	<u>1,468</u>	<u>741</u>	<u>912</u>	<u>76,639</u>

Since the implementation of the new Charity Scheme in July 2003, all the land & buildings of the University have been vested in York St John Endowment, its corporate trustee.

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

	2009 £ 000	2008 £ 000
Freehold buildings	-	10,243

Buildings were revalued on an existing use basis by an independent Chartered surveyor, Nigel Taylor FRICS of Taylor York Commercial Limited on 30th June 2009, in accordance with the RICS Appraisal and Valuation Manual.

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

This was an interim valuation. The next full valuation is due in July 2011.

11 Tangible fixed assets (continued)

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

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

The revalued buildings include notionally directly attributable acquisition costs of £7,116k (2008: £4,219k) relating to irrecoverable VAT.

The historical cost of assets held at valuation is £63m (2008: £34.7m).

The exchequer interest in fixed assets is £10.2m (2008: £9.9m)

12 Investments

	2009 £ 000	2008 £ 000
UK unlisted shares	-	1
UK fixed interest and equities at cost	-	1

The investment held at 31st July 2008 is in Knowledge Base (UK) Ltd, a company incorporated in England and Wales, which managed projects for Learndirect. The University holds a nominal value of £1,000 ordinary shares, which is 25% of the company.

The company is currently in liquidation, & it is not considered that anything will be received when it is wound up, so the investment has been written off in the year.

13 Endowment assets - cash

	2009 £ 000	2008 £ 000
Balance at 1st August 2008	220	225
New endowments invested	80	23
(Decrease) / increase in cash balances held for endowment funds	(46)	(28)
	<u>254</u>	<u>220</u>

14 Debtors

	2009 £ 000	2008 £ 000
Amounts falling due within one year:		
Debtors	2,319	1,903
Prepayments & accrued income	1,105	421
	<u>3,424</u>	<u>2,324</u>
Amounts falling due after one year:		
Prepayments & accrued income	39	-
	<u>39</u>	<u>-</u>

15 Creditors: amounts falling due within one year

	2009	2008
	£ 000	£ 000
Trade creditors	1,911	796
Social security and other taxation payable	574	651
Accruals and deferred income	2,964	3,735
	5,449	5,182

16 Creditors: Amounts Falling Due After More Than One Year

	2009	2008
	£ 000	£ 000
Unsecured loans:		
Amounts repayable in:		
Less than 2 years	-	-
2 to 5 years	968	-
More than 5 years	12,032	13,000
Amounts due under operating lease	372	403
	13,372	13,403

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

17 Provisions for liabilities and charges

	Enhanced pensions	Other Provisions	Total
	£ 000	£ 000	£ 000
At 1st August 2008	850	427	1,277
Utilised in year	(28)	(85)	(113)
Balance At 31st July 2009	822	342	1,164

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

18 Deferred capital grants

	Buildings	Equipment	Total
	£ 000	£ 000	£ 000
Balance At 1st August 2008	11,399	792	12,191
Received in year	1,151	80	1,231
Transferred between categories	(91)	91	-
Transferred to creditors	(1,119)	-	(1,119)
Transferred to income & expenditure account	(183)	(196)	(379)
Balance At 31st July 2009	11,157	767	11,924
Capital grants were provided by:	£ 000	£ 000	£ 000
Higher Education Funding Council for England	11,047	767	11,814
Students' Union	110	-	110
	11,157	767	11,924

19 Endowments

	Restricted Permanent £ 000	Restricted Expendable £ 000	2009 Total £ 000	2008 Total £ 000
Balances at 1st August 2008				
Capital	35	234	269	246
Accumulated income	7	(56)	(49)	(21)
	42	178	220	225
New endowments	-	80	80	23
Investment income	1	5	6	9
Expenditure	(1)	(51)	(52)	(37)
At 31st July 2009	42	212	254	220
Represented by				
Capital	35	210	245	269
Accumulated income	7	2	9	(49)
Balances at 31st July 2009	42	212	254	220

Following the implementation of the new Charity Scheme in July 2003, all the land & buildings have been vested in York St John Endowment, the corporate trustee.

20 Income and expenditure account reserve

	2009 £ 000	2008 £ 000
Balance at 1st August 2008	21,483	22,243
Surplus for the year	170	5,186
Actuarial gain / (loss) in respect of pension scheme	(1,274)	(6,087)
Transfer from revaluation reserve re disposal	27	-
Release from revaluation reserve	138	141
Balance At 31st July 2009	20,544	21,483
Balance represented by:		
Income and expenditure account	33,543	32,397
Pension reserve	(12,999)	(10,914)
	20,544	21,483

21 Revaluation reserve

	2009 £ 000	2008 £ 000
Revaluations		
At 1st August 2008	23,106	23,247
Less: Deficit on revaluation	(10,828)	-
Add: Depreciation reversed on revaluation	6,841	-
Less: Disposal of tangible assets	(27)	-
Less: Contribution to depreciation for the year	(138)	(141)
At 31st July 2009	18,954	23,106

22 Capital commitments

	2009	2008
	£ 000	£ 000
Commitments Contracted	75	1,962

Commitments have decreased because the redevelopment of the former shop on Clarence Street corner as a base for the Faculty of Health & Life Sciences, post graduate research, and Institutional Advancement has been completed.

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

	2009	2008
	£ 000	£ 000
Surplus before tax on continuing operations after depreciation of assets		
at valuation or cost and disposal of asset	124	5,158
Depreciation	2,292	1,331
Deferred capital grants released	(379)	(251)
Endowment and investment income	(109)	(8,696)
Profit / (Loss) on disposal of assets	102	(578)
Impairment	-	4,613
Interest payable	1,266	725
Pension costs less contributions payable (notes 6, 8, & 30)	811	465
Decrease / (increase) in stocks	1	(4)
Decrease / (increase) in debtors	(1,139)	12,679
(Decrease) / increase in creditors	236	263
(Decrease) / increase in provisions	(113)	430
Net cash (outflow) / inflow from operating activities	3,092	16,135

24 Returns on investments and servicing of finance

	2009	2008
	£ 000	£ 000
Income from expendable endowments	5	7
Income from permanent endowments	1	2
Other interest received	103	435
Interest from subsidiary company	-	590
Donation from subsidiary company	-	7,662
Interest paid	(1,266)	(725)
	(1,157)	7,971

25 Capital expenditure and financial investment

	2009	2008
	£ 000	£ 000
Tangible assets acquired	(3,471)	(31,388)
Receipts from sale of assets and investments	2	-
New endowments received	80	23
Deferred capital grants received	1,231	1,318
Deferred capital grants transferred to creditors	(1,119)	-
	(3,277)	(30,047)

26 Analysis of changes in financing during the year

	2009	2008
	£ 000	£ 000
Mortgages and loans		
Balance At 1st August 2008	13,000	11,489
Accrued interest added to loan	-	-
New loans	-	13,000
Capital repayments	-	(11,489)
Net amount (repaid) / acquired in year	-	1,511
Balance at 31st July 2009	13,000	13,000

27 Analysis of changes in net debt / funds

	At 1st August 2008	Cash flow	Other changes	At 31st July 2009
	£ 000	£ 000	£ 000	£ 000
Endowment cash	220	34	-	254
Cash at bank and in hand	692	500	-	1,192
Short term deposits	4,961	(1,876)	-	3,085
Debt due within one year	-	-	-	-
Debt due after one year	(13,000)	-	-	(13,000)
	(7,127)	(1,342)	-	(8,469)

28 Operating lease commitments

Commitments on operating leases can be analysed as follows:

	2009			2008		
	Buildings	Equipment	Total	Buildings	Equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Within one year	43	-	43	-	-	-
2-5 years	-	5	5	41	5	46
After 5 years	1,554	-	1,554	1,528	-	1,528
	1,597	5	1,602	1,569	5	1,574

29 Contingent liability

The University from time to time receives claims from contractors re construction contracts. Amounts due at the year end cannot be estimated reasonably and management 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 the University. The contribution of the University as a percentage of pensionable salaries is:

- 14.1% for academic staff
- 15% for non academic staff

30 Pensions (continued)

	2009	2008
	£ 000	£ 000
Total pension costs included in staff costs for the year		
Teachers Pension Scheme: contributions paid	1,337	1,221
Church of England Pension Scheme: contributions paid	3	4
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account (Note 30 a iii)	1,294	1,213
Enhanced pension charged to the Income & Expenditure account	23	72
	2,657	2,510

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

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

i) The 2007 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 2007. That assessment was based on the following assumptions:

	Per annum	Per annum
	2007	2004
Investment returns pre retirement	6.4%	6.6%
Investment returns post retirement	4.90%	5.10%
Rate of salary increase	4.85%	4.55%
Rate of increase of present & future pensions	3.10%	2.80%

The actuarial valuation showed the market value of the scheme's assets was £12.657 million (2004: £765.8 million) and that the actuarial value of these assets represented 67.8% (2004: 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 2009

Under the definitions set out in FRS 17, the North Yorkshire County Council Scheme is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of the fund's assets and liabilities for non-academic staff as at 31st July 2009.

It is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31st July 2009 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31st July 2009.

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

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

The actuarial assumptions made for this valuation were:

	Start of the year	End of the year
Rate of inflation	3.80%	3.70%
Rate of increases in salaries	5.55%	5.45%
Rate of increases in pensions	3.80%	3.70%
Discount rate	5.90%	6.30%

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

		Start of the year	End of the year
Retired today	Males	21.1	21.2
	Females	24	24
Retiring in 20 years	Males	22.2	22.2
	Females	25	25

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

	Long- term rate of return at 31st July 2009	Value at 31st July 2009 £000	Long- term rate of return at 31st July 2008	Value at 31st July 2008 £000	Long-term rate of return at 31st July 2007	Value at 31st July 2007
Equities	7.50%	11,155	7.50%	12,147	7.50%	14,610
Government Bonds	4.50%	1,647	4.80%	1,049	4.90%	1,432
Other Bonds	5.80%	2,004	5.90%	3,653	5.80%	2,005
Cash	0.50%	730	N/A	-	5.75%	1,050
Other	N/A	-	7.50%	629	N/A	-
Total Market Value of assets		<u>15,536</u>		<u>17,478</u>		<u>19,097</u>
Liabilities		<u>(28,535)</u>		<u>(28,392)</u>		<u>(23,460)</u>
Deficit		<u>(12,999)</u>		<u>(10,914)</u>		<u>(4,363)</u>

The market value of total fund assets at 31st July 2009 was £1,049 millions (£1,178 millions as at 31st July 2008).

iii) The results of the valuation at 31st July 2009, included in the Financial Statement:

	2009 £ 000	2008 £ 000
Charge to Income & Expenditure account		
Current Service cost	1,269	1,010
Past service cost	-	203
Curtailed cost	25	-
	<u>1,294</u>	<u>1,213</u>

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

iii) The results of the valuation at 31st July 2009, included in the Financial Statements (continued)

	2009	2008
	£ 000	£ 000
Pension finance income / (costs)		
Expected return on pension scheme assets	1,190	1,292
Interest on pension liabilities	(1,710)	(1,384)
	(520)	(92)
	2009	2008
	£ 000	£ 000
Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Actuarial gains /(losses) on pension scheme assets	(4,043)	(3,538)
Actuarial gains /(losses) on pension scheme assets on restatement of opening assets	-	(19)
Experience gains and losses arising on the scheme liabilities	-	-
Actuarial (gains)/losses on pension scheme liabilities	2,769	(2,530)
Actuarial gain / (loss) recognised in STRGL	(1,274)	(6,087)
	2009	2008
	£ 000	£ 000
Movement in deficit during the year		
Deficit in the scheme at 1st August 2008	10,914	4,363
Current service cost	1,269	1,010
Employer contributions	(1,003)	(841)
Past service costs	-	203
Curtailment costs	25	-
Net interest / return on assets	520	92
Actuarial loss	1,274	6,087
Deficit in the scheme at 31st July 2009	12,999	10,914
	2009	2008
	£ 000	£ 000
Analysis of the movement in the present value of the scheme liabilities		
At beginning of the year	28,392	23,460
Current service cost	1,269	1,010
Interest cost	1,710	1,384
Contributions by scheme participants	412	313
Actuarial gains and losses	(2,769)	2,530
Benefits paid	(504)	(579)
Past service cost	-	203
Curtailments	25	-
At end of the year	28,535	28,321

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

iii) The results of the valuation at 31st July 2009, included in the Financial Statements (continued)

	2009	2008
	£ 000	£ 000
Analysis of movement in the market value of the scheme assets		
At beginning of the year	17,478	19,097
Expected rate of return on scheme assets	1,190	1,292
Actuarial gains and losses	(4,043)	(3,557)
Contribution by the employer	1,003	841
Contributions by scheme participants	412	355
Benefits paid	(504)	(550)
At end of the year	<u>15,536</u>	<u>17,478</u>

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

	2009	2008	2007	2006	2005
Difference between the expected & actual return on assets:	(4,043)	(3,538)	(3,538)	1,003	1,660
Percentage of scheme assets	(26.02%)	(20.24%)	(20.24%)	6.02%	11.64%
Experience gains and losses arising on the scheme liabilities	-	-	-	(439)	680
Percentage of scheme liabilities	0.00%	0.00%	0.00%	2.00%	3.60%
Total amount recognised in STRGL	(1,274)	(6,087)	(6,087)	(184)	(16)
Percentage of scheme liabilities	(4.46%)	(21.44%)	(25.95%)	0.90%	0.10%

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.

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-sharing 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.

	2008/09 £ 000	2007/08 £ 000
Income Received	122	179
Interest Added	1	7
	123	186
Disbursements	160	157

31b TDA Training Bursaries

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

	2008/09 £ 000	2007/08 £ 000
Income Received	970	1,404
Disbursements	1,002	1,244

31c TDA Ethnic Minority Recruitment Funding

In the year, the University received income of £9k (2008: £3k) from TDA for Ethnic Minority Recruitment Funding. A total of £14k (2008: £9k) was spent in the year, including funds brought forward of £6k, leaving a balance of £1k carried forward.

32 Related Party Transactions

The University made a grant to the York St John Students' Union of £216,240 (2008: £213,000) and charged rent of £10,992 (2008: £11,992).

The University received project funding of £11,747 from Yorkshire Universities (2008: £78,570). The University paid £5,880 to Yorkshire Universities in affiliation fees (2008: £5,300).

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:

	Income £	Expenditure £
North Yorkshire County Council	6,470	46,479
University of Leeds	42,740	71,303
City of York Council (creditor at 31st July 2009 £34k, 2008: nil)	83,944	139,247
Yorkshire Film Archive	26,675	31,210
Diocese of York	-	14,095