



Financial Report

2016–2017



York St John University

Financial Report

2016 - 2017

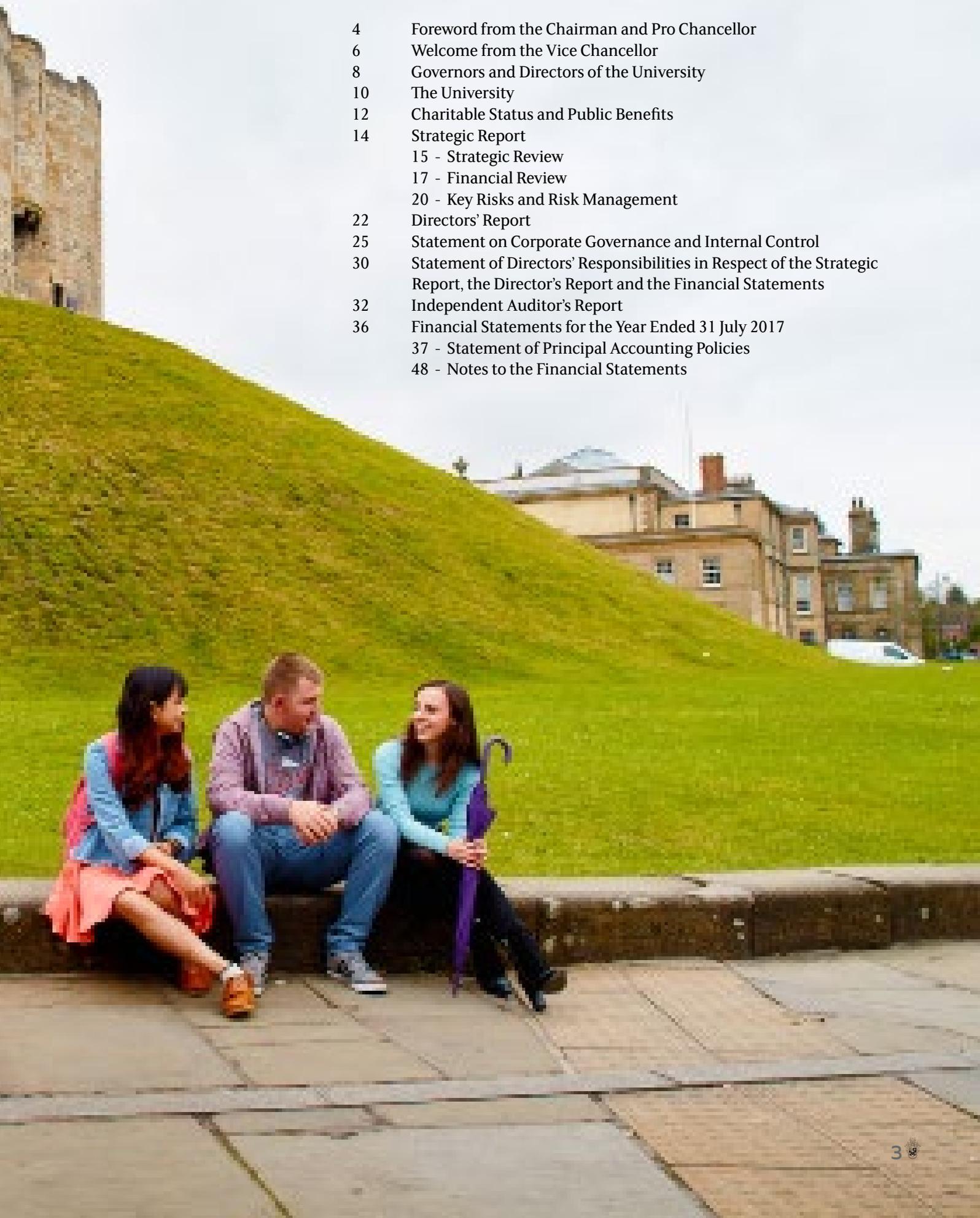




York St John University

Empowering

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Foreword from the Chairman and Pro Chancellor

Embracing

The 2016-17 financial year has seen York St John University embedding the new and embracing the future during a time of almost unprecedented change in the Higher Education sector.



After the landmark celebrations of the previous year - 175 years as an institution and a decade as a University - alongside the major restructure that the University successfully implemented, the past twelve months have provided opportunities to harness that momentum, build on what we do well and drive exciting new ventures that redefine our role.

Foreword from the Chairman and Pro Chancellor



Ann M Green CBE
Chairman and Pro Chancellor

I am proud to say that everyone connected to York St John has risen admirably to taking on those opportunities, recognising that in today's fast-paced world the capacity to embrace change is essential to any successful organisation.

This year we have seen a talented new leadership team take shape across the nine academic Schools that replaced our previous four Faculties. In turn those Schools have begun asserting their own unique identities, with new colleagues joining, innovative research underway and a suite of new and evolving courses that have once again seen the University defy national trends and enjoy sustained growth in student recruitment.

We have also continued to invest strategically in teaching, partnership working and facilities to enhance the student experience and our wider contribution. Foremost across this investment are the brand new sports facilities at Haxby Road, which opened in October and signal a step-change in the quality of the University's offer around health and wellbeing.

Our Lord Mayor's Walk campus was one of the showcase venues for the city's Illuminating York celebration and we have also continued successful partnerships with the BAFTA-qualifying Aesthetica Film Festival and the York Literature Festival, as well as curating and hosting 'True North' - a spectacular new showcase of our student's creative work that saw three large exhibition domes adorn the Quad at the start of the summer!

Whilst embracing the new, the University remains true to the mission and ethos that has defined it throughout its history - widening access to the transformational power of education for people from all walks of life. We are proud to be leading the regional response to the National Collaborative Outreach Programme (NCOP), York hosted a national conference to refocus the commitment of Universities to lifelong learning, with our Vice Chancellor Professor Stanton

providing the keynote speech and our performance on broadening participation in Higher Education continues to be sector leading.

All of this has been achieved in a year characterised by uncertainty for all Universities. The outcome of the EU Referendum, plus wider debates on tuition fees and the UK's skills agenda, make agility and forward-thinking essential. York St John has therefore continued to implement its existing 2015-2020 Strategic Plan, guided by the four pillars of quality, community, growth and resilience, but has also begun planning further into the future, initiating projects and partnerships with the potential to define the University's focus for the next decade and beyond. Our positive relationship with the new mental health hospital due to be built in York is just one example.

All of this has been done whilst maintaining a balanced and strong financial position. The University's sustained popularity with students underpins this, but York St John is also increasingly looking at how to diversify its income streams, attract greater research funding and maximise use of our assets to build on this strong position amidst continuing external uncertainty.

I am extremely appreciative of the efforts of the University's staff over the past year and proud of the achievements of our students. I also wish to thank my fellow Governors for the leadership and oversight they continue to demonstrate in steering the University through changing times and ensuring we are ready for the next stage of our development.

Ann M Green CBE
Chairman and Pro Chancellor
23 November 2017

Welcome from the Vice Chancellor

Challenging

I am delighted to present York St John University's Financial Statements for 2016-17 to you following a year defined by change, challenges, but most of all achievements. The University continues to increasingly shape its place in the Higher Education landscape.





Foremost amongst those achievements has been our record student recruitment and this at a time when many institutions are seeing their student intake decline. A combination of refreshed learning opportunities, excellent use of market intelligence and a more clearly defined offer that builds on the city and campus we are so proud of, have all made this possible and given us the confidence to be ambitious about our future growth.

Welcome from
the Vice Chancellor



Professor Karen Stanton
Vice Chancellor

Measured financial planning and considered investment have underpinned this success, which now puts the University in a positive position for the forthcoming period. This will be a period when flexibility and focus are equally important because there is no doubt that issues of University funding, student value for money and longer term return on investment are now under increased and understandable scrutiny.

At York St John we have always been acutely aware of how big an investment going to University is, particularly as a significant proportion of our students come from less affluent socio-economic groups. Our focus is on providing the highest quality whole University experience, one that increases skills and knowledge, but also enhances the confidence, self-awareness and resilience to thrive in a changing world.

We have seen numerous examples of those efforts coming to fruition over the past year. From international sporting success to winning national filmmaking competitions and from students setting up their own businesses to supporting the city's refugee community, York St John graduates make a major contribution. Our position in the top 20% of English Universities for graduates in long term employability or education is testament to this.

During 2016-17 and in the context of increasing measurement and regulation of the sector's impact, we have been looking at how we can take this to the next level, building on our existing Strategic Plan, but with an even stronger focus on providing the inspiring teaching, impactful research and clear career opportunities that we want all of our students to experience. I am delighted

that staff have embraced the opportunity to be part of this conversation, participating in workshops to review our values and define our future. This input is now coming together through our ambitious emerging plans for the next ten years.

In short, the past year has been about laying foundations. We have recognised the changes in the sector ushered in by new legislation and the evolving social and political climate and have determined to put York St John on the front foot in responding. As such we have ambitious plans to increase international recruitment, distance learning and in particular postgraduate study so that the University becomes fully fledged in the breadth and depth of its offer.

I would strongly recommend reading this Financial Report alongside our 2016-17 Annual Report, which tells the story of a year abundant in achievements. Longstanding and new staff alike have embraced the aims of last year's restructure, bringing energy and ambition to our nine new academic Schools, our Student Union is thriving in its new building and our partnerships across the city, the region and the world are flourishing.

Building on this success and being bold about our future will be the key to our University's continuing prosperity.

Professor Karen Stanton
Vice Chancellor
23 November 2017



Governors and Directors of the University

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



		Term begins	Term ends
Representative of the Lord Archbishop of York	Rt Revd Dr Tom Butler¹	01/09/2012	31/07/2018
2 Diocesan Nominees	Rt Revd James Bell	01/09/2009	29/03/2017
	Revd John Hadjioannou	01/09/2009	31/07/2018
2 Members of the Church of England or a church in communion with it	Ann M Green CBE²	11/07/2011	31/07/2020
	Ian Wallace	01/08/2013	31/07/2019
1 nominee from the National Society Council	Dr Ann Lees³	01/10/2008	31/07/2017
Vice Chancellor, ex officio	Prof Karen Stanton	01/09/2015	
Staff Governor (elected)	Dr Robert Edgar	01/08/2015	31/07/2018
President of Students' Union, ex officio	Laurie Illingworth	01/07/2016	30/06/2017
	George Coombs	01/07/2017	
Up to 8 Co-opted Governors	Richard France⁴	19/11/2012	31/07/2018
	Stephen Milner⁵	19/11/2012	31/07/2018
	Jon Hammond Booth⁶	01/08/2013	31/07/2019
	Maggie Pavlou	01/09/2013	31/07/2019
	Cath Clelland MBE	01/08/2014	31/07/2020
	Russell Davidson	01/08/2014	31/07/2020
	Prof Graham Henderson CBE DL	01/01/2016	31/07/2018
	Mohammed Ali OBE	06/07/2017	31/07/2020

¹ Chair of the Foundation Committee

² Chairman of Governing Body from 01/10/2011;
Chair of the Governance and Nominations Committee

³ Chair of the People (formerly Human Resources) Committee until 31/07/2017

⁴ Chair of the Finance and Capital Development Committee

⁵ Chair of the Audit Committee and Deputy Chairman

⁶ Chair of the People Committee from 01/08/2017

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




£110m
Significant investment of over £110 million in its campus and facilities since University status was achieved.

The University

Thriving

For over 175 years, York St John has been educating people from all backgrounds at the heart of the historic city of York.



Today, with 6,700 students from more than 100 countries and 750 staff, the University is a thriving learning and research community that is actively building its reputation and its partnerships internationally and nationally, as well as closer to home.

The University

Company Information

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

Corporate Office
Lord Mayor's Walk
York YO31 7EX

Bankers
Barclays Bank plc
Parliament Street
York YO1 1XD

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

Internal Auditors
PWC LLP
Benson House
33 Wellington Street
Leeds LS1 4JP

Originally formed in 1841 as one of two Anglican teacher training colleges, the institution gradually expanded its course portfolio during the mid-20th century. This year several of its longstanding course areas have celebrated key anniversaries, including 40 years of Occupational Therapy, 40 years of Languages and Linguistics and 50 years of Theatre Studies.

In 2006 York St John became a University and its offer broadened further. In recent years the addition of key courses, including Computer Sciences, Police Studies and Psychology have seen its popularity soar. In addition, this year the University awarded its first PhD under its own research degree awarding powers. Significant investment of over £110 million in its campus and facilities since University status was achieved, has seen the combination of the institutions iconic original architecture and eye catching modern facilities sit smoothly side by side across a campus that has once again achieved a Gold Award from this year's Yorkshire in Bloom judges. The new Student Union building, which opened during the past year, is symbolic of the commitment to an excellent student experience.

Throughout this gradual expansion and enhancement, York St John has stayed true to the core values and ethos that it was founded upon - promoting fairness and social justice, increasing access to education and making a meaningful impact in the community. Today, this is evident in the partnerships we choose

to develop, the research we do and the sense of social responsibility instilled in the way the University acts, thinks and teaches. Over the past year York St John has actively sought platforms to promote the importance of a University's community contribution as being complementary to outstanding teaching and research. We can evidence this in a variety of initiatives that enable students to learn and grow by working with people from all walks of life.

From this strong sense of identity and responsibility, York St John is shaping its own future at a time when the UK Higher Education sector is experiencing change, scrutiny and questions over value for money on a scale it has not been accustomed to before. The University is now in a strong position to build on its sector leading increases in student numbers, by also being in the top 20% of English Universities for graduates being in long term employment or education and achieving above national average feedback scores for 18 out of the 26 questions in this year's National Student Survey. Having invested in recruiting new academic staff that enhance the University's research credentials and with a clear plan to move forward focusing on inspiring learning, impactful research and high-quality careers support - York St John is on a trajectory of measured growth and development that make this an exciting time for the University and the partners working with us.

Charity Status and Public Benefits

Charitable

In support of the charitable work of the University we received donations to the value of £86,000 in 2016-17 from alumni, to whom we are incredibly grateful.



York St John University is a company limited by guarantee and an exempt charity under the terms of the Charities Act 2011 and is regulated by the Higher Education Funding Council of England (HEFCE).

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

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

Our student intake in September 2016 included 1,876 undergraduate and 175 full-time PGCE students eligible for full state support. A significant proportion of our intake comes from students from less-advantaged backgrounds, evidenced by the most recent widening participation data which shows that entrants from the lowest socio-economic groups constituted 24% of our student body.

Our commitment to widening access means we also invest significant sums in supporting students. All prospective students are made aware of the availability of financial support and in 2016-17 we provided £3.0 million in financial support for students. The University remains, proportionately, one of the largest spenders on student support in the Higher Education sector.

In 2016-17, the University continued to invest in its campus and the student experience as part of its strategic aim of developing a 'sport and wellbeing for all' agenda. The final phase of development of our facilities on Haxby Road in York was completed in October 2016. These facilities are available to students and staff and in addition are used by our wider community, including professional sports clubs.

The University continues to host its popular 'Go York' lecture series. Together with a wide range of other events, these form part of a diverse programme of public lectures which are popular with students, staff and members of the local community and which encourage both the sharing of knowledge within our community as well as the dissemination of research and current opinion to our staff, students and guests.

In support of the charitable work of the University we received donations to the value of £86,000 in 2016-17 from alumni, to whom we are incredibly grateful.

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

Strategic Report

Strategic

Overall, 2016-17 has been a year of successes and progress for York St John University, set within the context of rapid and still evolving changes in the Higher Education sector and the wider socio-political environment.

These changes have highlighted both the importance of adapting to the new regulatory and ‘value for money’ environment and the necessity of proactively and flexibly shaping and defining the institutions future.

Strategic Review



Given the international, national and University-specific change to which we have been responding, the past year has very much been one of transition and preparation as the University sets out its stall for the next ten years.

Popularity and Progress

The overall position for York St John is undoubtedly a positive one. Impressive student recruitment has underpinned greater confidence in the University’s offer and following a major restructure and period of recruitment, colleagues have brought fresh energy to both teaching and research as well as enabling the University to introduce clearer strategies for estate management, marketing and communications and portfolio development. A new Digital Strategy has also been developed, signalling the intent to make major and rapid progress in this area. Significant partnerships have either been embedded or initiated that represent important future opportunities for the University.

On student recruitment particularly, the University has affirmed its position as a recent sector leader. At the time of writing, the impressive increase in numbers seen in the 2016 student intake had been exceeded again by as much as 14% for 2017, making this a record recruitment year. This comes at a time when many Universities are seeing student recruitment numbers stagnate or decline. Analysis confirms that the introduction of new courses, based on astute market intelligence, has been the key driver for this continuing increase in popularity. This has been reinforced by more targeted and market-savvy student recruitment initiatives, including the introduction of a new website and better use of digital advertising channels.

Recruitment has increased across all key areas of study, with the budget target

exceeded for undergraduate courses and significantly exceeded for international recruitment, where the continuing partnership with the i2i Football Academy has been a particularly contributing factor. Postgraduate recruitment is also just above what was an ambitious target and this in part reflects a concerted effort to promote, support and incentivise postgraduate study for recent York St John graduates.

Diversifying and Developing Partnerships

York St John has always been proud of its commitment to creating opportunities for people from all walks of life. Just as the University has broadened its core undergraduate offer, so too has it recognised the need to proactively explore new opportunities to attract a wider cohort of students still, through the breadth of its portfolio throughout the year and the types of courses it provides.

The University has a good record on working with employers to offer continuing professional development opportunities, including longstanding relationships with the NHS and a number of businesses. During 2016-17, £180k was secured as part of a South Yorkshire consortium to train people in Services (for example, in local authorities) that work with former military personnel, to help them understand the significant adjustment required when leaving the army. The University has invested in leadership of its CPD offer with a view to seeing this expand into more areas. New partnerships, which include the NHS Foundation Trust that plans to open a new Mental Health Hospital adjacent to the University’s Haxby Road sports facilities, are laying the foundations for this.

During 2016-17 the University has also responded positively and proactively

to the national introduction of the Apprenticeship Levy and the Government's increased focus on skills set out in, for example, the new Industrial Strategy. The York Business School has developed our first degree apprenticeship course and recruitment is underway for an early 2018 intake, other Schools are exploring their options in this area.

Internationally, the University has reviewed and refocused its efforts around recruitment and partnership working and the immediate impact has been seen in both student numbers and the quality of our global connections. Small, international offices have been closed in favour of a more co-ordinated approach utilising visits and local connections. New relationships with like-minded institutions in India, America and Asia are helping to increase opportunities and raise York St John's reputation in key markets. The impact of Brexit on recruitment patterns across the EU continues to be monitored carefully, but is not expected to have a major impact on the University's international recruitment patterns.

Fresh ideas, wise investments

Over the past year the University has reviewed its asset portfolio carefully to ensure resources are being best used to benefit students. A number of liabilities have been addressed, for example the University has ceased its responsibility for the Joseph Rowntree Theatre and the land at the former playing fields on Hull Road is in the process of being sold. Profit from this sale will help to fund significant upgrades to facilities on the Lord Mayor's Walk campus.

The opening of the multi-million pound sports facilities at Haxby Road in October signalled a step change in the University's work around health and wellbeing and its capacity to contribute to this agenda in the community. So far over half of the use of the Haxby Road facilities has come from community groups and individuals.

Other key areas of investment during 2016-17 include:

- Significant refurbishment of student accommodation at the Grange site.
- Enhancements to specialist teaching spaces including new computer science

laboratory's, photography rooms and a higher quality film and TV facility.

- The development of a new Careers Centre in the Holgate building.
- The development of a specialist space for the Higher York initiative within Quad South.

In addition, the University has continued to sponsor and support projects and initiatives that align with its course portfolio and wider agenda. For example, we have secured an ongoing partnership with the BAFTA qualifying Aesthetica Short Film Festival, which was hosted on campus in November and will continue to be for the foreseeable future.

Towards the end of the 2016-17 academic year and as part of the wider long-term strategic planning work taking place, proposals were made to develop a London presence for the University to strengthen connections and networks in support of student career development, staff research and other University initiatives as well as recruitment. This is one of a number of projects that symbolises the growing ambition that York St John has.

York St John's Strategic Plan, which runs until 2020 has four key overarching themes: Quality; Community; Growth; and Resilience. The progress outlined over the past year demonstrates positive developments in each of these areas: investment in facilities and new courses to enhance the quality of the University's offer; ongoing and emerging partnerships that position it increasingly as an anchor institution within the community; sector leading growth in student numbers; and a suite of new initiatives and strategies that respond proactively and resiliently to the wider context and our own specific challenges. Taken together this makes the University well placed to look ahead with measured confidence.

Looking Forward to the Future

York St John's progress throughout 2016-17 has sat alongside uncertainty across the sector about the evolving role and funding of Universities. The question of funding has come to the fore since the 2017 snap General Election and this has placed the question of value for money to the forefront of the sector's focus. The recent announcement to

freeze tuition fees at their current level into the 2018-19 academic year will make robust financial planning even more imperative and recruitment ever more competitive.

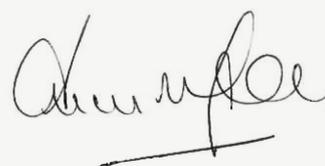
The University builds from a strong baseline on both of these challenges, but we are acutely aware of the need to stay on the front foot. Looking ahead three clear strategic priorities have been identified: inspiring teaching; impactful research; and being clear about career for every student. These will help the University not only to further enhance its offer, but to address areas that have so far held back York St John's potential to match our popularity with students with our performance in key league tables and rankings (notably the Teaching Excellence Framework).

Investment in a London presence, the development of a strong partnership around mental health, exploring a new Creative Centre for the University's campus and introducing the provision of more STEM subjects are seen as four transformational projects that are now being actively pursued to demonstrate the University's ambition. If these can be taken forward effectively, York St John will be well placed to respond positively to an ongoing period of wider uncertainty.

On behalf of the Governing Body



Professor Karen Stanton
Vice Chancellor
23 November 2017



Ann M Green CBE
Chairman and Pro Chancellor
23 November 2017

York St John University

Financial Review

The financial outcome for the 2016-17 year was a positive one with an underlying operating surplus before pension costs and impairment of £4.5m: 7.6% of income (2015-16: £4.7m 8% of income).

Financial Review

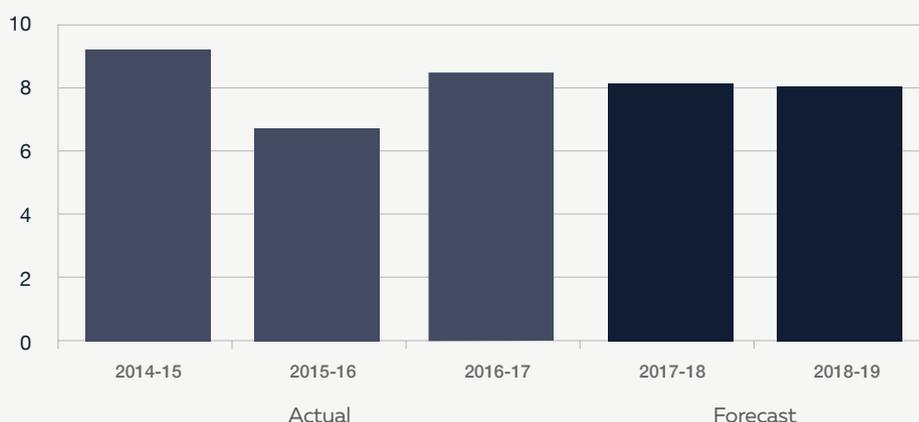
The surplus reduces to £2.2m, 3.6% of income after accounting for pension costs and one off charges for impairment.

Overall income increased by 1% to £59.3m as a result of increased tuition fees and residential income; however this was partially offset by reduced recruitment of international students, NHS income and HEFCE grant funding.

Total expenditure reduced by 2.0% to £57.1m. Excluding one-off restructuring costs this represents just a 0.8% increase in costs.

The University generated £7.0 million net cash inflow from operating activities and the cash balance reduced marginally by £0.3m to £16.5m after investing £5.2m in fixed assets.

Adjusted Operating Surplus £'m



Strategic Report

Key Risks and Risk Management

The University has an ambitious and exciting strategic plan as it aims to grow its profile, quality and reputation to be able to offer excellent learning opportunities for all its students and staff.

Key Risks and Risk Management

The University has a well-developed interactive Progress and Risk Management tool which is regularly reviewed by senior management and the University's Governors. This tool identifies risks and progress under the four strategic themes of Quality, Community, Growth and Resilience.

The UK Higher Education sector is in unprecedented times of economic and legislative change. The Government policy on tuition fees, the removal of the student number cap and the opening up of the market to private providers and a falling number of applications have all increased competition within the sector. The Higher Education and Research Act introduced more major reform of the regulatory bodies, the Teaching

Excellence Framework, new provider rules and greater student mobility. The changes to NHS teaching contracts, the introduction of the new apprenticeship standards and the apprenticeship levy increase the pressure for Universities to be responsive and adapt to the new demands for a more flexible delivery framework.

In addition to the legislative changes there has been an increasing demand for Universities to demonstrate that they are delivering value for money. Student satisfaction, graduate outcomes, employability statistics and earnings potential are all coming under closer scrutiny to measure the value added by Universities. The outcome of the Comprehensive Spending Review may



also present further financial challenge in the future with the potential to link future fees more directly to performance.

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

Risks relating to information technology and cybersecurity have also been foregrounded by the University's Audit Committee.

This level of uncertainty adds to the complexity of forward planning; however, the University is well aware of the future challenges and through careful management and governance, informed

by good quality data and information, the University will respond positively to new policies and challenges as they emerge.

The University has excellent continuation and achievement rates for home and EU students, and achieves good graduate outcomes however, we recognise that there is much more work to do to further improve the student experience and improve graduate employability and earnings potential. Following a successful recruitment round for 2016-17 and 2017-18, the underlying financial position remains strong and the University is well placed to meet the sector challenges and to take advantage of the new opportunities emerging from the competitive market.

York St John University

Registered Company No: 4498683

Directors' Report

The Directors' present the Financial Statements of the University for the year ended 31 July 2017.



The Directors confirm that they have provided all information to the auditors and they consider this report and accounts to be: fair, balanced, understandable, and that it provides the information necessary to assess the University's performance.

The future strategy and likely developments within the University are highlighted within the Strategic Report. The names and term of office of all of the Directors are listed on page 9 under 'Governors and Directors of the University'.

Employees and diversity

The University is committed to encouraging and enabling staff to achieve their full potential and aims to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds of age, carer responsibilities, disabilities, class, marital or civil partnership status, gender identity, pregnancy and maternity, race, religion or belief, sex, sexual orientation, trade union activity, criminal background or any other category where discrimination cannot be reasonably justified.

Disabled employees

The University takes positive steps to ensure that disabled people can compete equally for employment opportunities and have the support they need to develop and perform well in their jobs. The University holds the 'two ticks' Positive about Disability symbol which is awarded to employers who have made commitments to employ, retain and develop the abilities of disabled staff. Disabled persons are employed under the standard contract terms and conditions. Reasonable adjustments are made where appropriate and career development and promotion opportunities are provided for all staff.

Employee involvement

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

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

On behalf of the Governing Body

Professor Karen Stanton
Vice Chancellor
23 November 2017

Ann M Green CBE
Chairman and Pro Chancellor
23 November 2017



York St John University

Statement on Corporate Governance and Internal Control

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



Statement on Corporate Governance and Internal Control

The University formally adopted the Code at the meeting of the Governing Body on 9 July 2015, following detailed consideration of the Code by the Governance and Nominations Committee. We confirm that the requirements of the Code have applied to the University's governance arrangements during the 2016-17 financial year.

York St John University is a Higher Education institution with taught and research degree awarding powers, a Company Limited by Guarantee (with no share capital) and an exempt charity. The University's Articles set out its object and powers as required under the Education Reform Act 1988. In accordance with the Articles of Association of the Company, the Governing Body is responsible for the administration and management of the affairs of the University and is required to present audited Financial Statements for each financial year. This also includes ensuring the operation of an effective system of internal control. Governors make an annual declaration to conduct themselves in accordance with accepted standards of behavior in public life (the 'Nolan Principles') which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Governors are required to maintain an entry in a Register of Interests and further to declare any interests in relation to matters under discussion at meetings.

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

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

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



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

Under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council (HEFCE), the Vice Chancellor is the Accountable Officer of the University. In that capacity the Vice Chancellor (and the Chairman of the Governing Body) can be summoned to appear before the Public Accounts Committee of the House of Commons. This responsibility extends to assuring the quality and accuracy of University data provided to HEFCE, the Higher Education Statistics Agency (HESA) and other public bodies.

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

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

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

The Governing Body holds three formal business meetings each year. In addition, it holds a discussion day and an away day to provide opportunities to consider matters of strategic importance in greater depth. In September 2016, the discussion day reflected on the fitness for purpose of existing governance structures. One outcome has been the formation of a new People Committee.

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

- Audit
- Finance and Capital Development
- Foundation
- People (formerly Human Resources)
- Remuneration
- Governance and Nominations

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

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

Audit Committee

The Audit Committee meets four times a year, with the University's External and Internal Auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control, management's responses and implementation plans and regularly reviews the University's progress and risk register. It also receives and considers reports from HEFCE, including the Assurance Review, as they affect the University's business and monitors adherence to regulatory requirements. While members of the Executive attend meetings of the Audit Committee as necessary, they are not members of the Committee. Once a year, the Committee separately meets the Internal and External Auditors for independent discussions. In 2016-17, the Audit Committee oversaw the



appointment of new Internal Auditors, RSM, from August 2017 and the reappointment of External Auditors KPMG.

Finance and Capital Development Committee

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

Foundation Committee

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

People Committee (formerly Human Resources Committee)

Following a review of governance arrangements, the People Committee replaced the Human Resources Committee from February 2017. Its purpose is to "be responsible for monitoring key performance indicators relating to students, staff and alumni and making recommendations to Governing Body (or Academic Board, as appropriate) on matters that impact on the contribution and success of our people".

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration, conditions of service and any severance arrangements for the University's most senior post holders. It operates within a clear policy framework. Remuneration Committee is chaired by an independent Governor and cannot be chaired by the Chairman of the Governing Body. In addition to Governor members, there is an independent co-opted member with experience from beyond the Higher Education sector.

Governance and Nominations Committee

The Governance and Nominations Committee advises the Governing Body on the operation and effectiveness of corporate governance arrangements and oversees the appointment of Governors and members of Governing Body Committees. This includes responsibility for oversight of reviews of Governing Body effectiveness. The last periodic review of effectiveness was conducted

in 2013-14. The next review is scheduled to take place in 2017-18 supported by an external consultant. Details of the University's approach and key outcomes of that process are published on the University's website.

Internal control

The University's Governing Body is responsible for the University's system of internal control, for reviewing its effectiveness alongside safeguarding the funds and assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

The University's systems of internal control were re-aligned with its new structure during 2016-17.

Documentation defining particular control mechanisms and responsibilities were reviewed and updated to reflect the structural changes as part of the implementation process for the change programme.

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

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

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that has been in place for the year ended 31 July 2017 and up to the date of approval of the Directors' Report and accounts; and that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for Directors on the Combined Code as deemed appropriate for Higher Education. It is informed by the Internal Audit function which works to standards defined in the HEFCE Audit Code of Practice. Further assurance is provided through reviews by HEFCE's Assurance Service. The performance of the University's Internal Auditors is reviewed by both management and the Audit Committee each year and informs the opinion set out in the Audit Committee annual report to the Vice Chancellor and the Governing Body.

The Audit Committee approves an annual Internal Audit plan and receives regular reports from Internal Audit which include recommendations for improvement. Internal Audit provides an annual report to the Governing Body, which includes an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, corporate governance and value for money. At its November 2017 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the Executive Board, Audit Committee and Internal Audit, and taking account of events since 31 July 2017.





York St John University



Statement of Directors’ Responsibilities in Respect of the Strategic Report, the Director’s Report and the Financial Statements



The Governing Body (who are the Directors of the University company for the purposes of company law) are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with the Memorandum of Assurance and Accountability issued by HEFCE and applicable law and regulations. Governors are also Trustees and the Financial Statements must meet requirements relating to the Charities Act 2011.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the group and parent University Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Memorandum of Assurance and Accountability further requires the Financial Statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and the requirements of HEFCE's Accounts Direction to Higher Education institutions.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state-of-affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University Financial Statements, the Directors are required to:

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

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

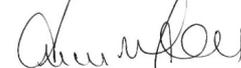
The Governing Body are also responsible under the Memorandum of Assurance and Accountability for:

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

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

On behalf of the Governing Body


Professor Karen Stanton
Vice Chancellor
23 November 2017


Ann M Green CBE
Chairman and Pro Chancellor
23 November 2017

York St John University

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



Independent
Auditor's
Report



Opinion

We have audited the Financial Statements of York St John University ("the University") for the year ended 31 July 2017 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Statement of Cash Flows, Statement of Principal Accounting Policies and related notes.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts Direction to Higher Education institutions for 2016-17 Financial Statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed

material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

Other information

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

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report, Directors' Report, and Statement on Corporate Governance and Internal Control, which together constitute the Strategic Report and the Directors' Report for the financial year, is consistent with the Financial Statements; and
- in our opinion the Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors'

remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 31, the Governing Body (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory requirements

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Association; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

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

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



Clare Partridge
Senior Statutory Auditor
For and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 November 2017



York St John University

Financial Statements for the Year Ended 31st July 2017





Financial Statements

Statement of Principal Accounting Policies

Basis of preparation

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

These Financial Statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions (2015), applicable accounting standards and Companies Act 2006 where appropriate. They conform to guidance published by the Higher Education Funding Council for England (HEFCE).

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

Basis of consolidation

The consolidated Financial Statements include the University and its subsidiary undertaking, York SJ Sdn. Bhd. Intra-group transactions are eliminated fully on consolidation.

Details of the University's subsidiary undertakings are provided in Note 12 to the Financial Statements.



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

Format of the accounts

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

Recognition of income

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

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

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

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

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

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

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

Capital grants

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



Agency arrangements

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

Pension schemes

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

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

The North Yorkshire Pension Fund is a multi-employer defined benefit pension scheme. The NYPF is valued every three years by a professionally qualified independent actuary and the University's share of the fund's assets and liabilities are identified. The assets of the NYPF are measured using closing market values. NYPF liabilities are measured using the projected unit method and discounted at the redemption yield on the iBoxx

Sterling AA corporate bond over 15 years index. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs.

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

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

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

Enhanced pensions

The actual cost of certain enhanced on-going pensions to former members of staff is being paid by the University annually. An estimate of the change in expected future cost of these enhancements was charged in full to the income and expenditure account in the past. The provision for these costs is adjusted annually.

Employment benefits

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



a result of the unused entitlement.

Operating leases

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

Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (pounds sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency (pounds sterling) at the rates of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit in the period in which they arise. The assets and liabilities of foreign operations are translated to the Group's presentational currency (pounds sterling) at the foreign exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated at the foreign exchange rates at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Fixed Assets

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

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

increase the expected future benefits to the University.

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

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred prior to year-end. They are not depreciated until brought into use. Motor vehicles, fixtures and fittings, computers and equipment: Assets costing £5,000 or more are assessed for capitalisation. Purchases under this value are written off to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised items are stated at cost and depreciated straight-line over their expected useful lives as follows:
 Motor vehicles - 5 years
 Fixtures and fittings - 10 years
 Computer hardware - 4 years
 Computer infrastructure - 5 years
 Equipment - 5 years

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

Borrowing costs

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

Accounting for research and development

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

Website development costs

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

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

Stock

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

Cash and cash equivalents

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

Provisions

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

The amount recognised as a provision is

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

Contingent assets and liabilities

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

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

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

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

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Tax Act 2010 (CTA 2010) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

York SJ Sdn. Bhd. is subject to local taxes in Malaysia. Provision is made in the Consolidated Statement of Comprehensive Income and Expenditure in the year in which the taxable profit arises.

Reserves

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

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

Judgments in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Other sources of estimation uncertainty include risks associated with asset volatility, changes in Bond Yield, inflation risk, changes in life expectancy and the risk of other employers exiting the Fund. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Going Concern

The University's activities, together with the factors likely to affect its future development and performance are set out in the Financial Report. The University's cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The University currently has £21.7m of loans outstanding with bankers on terms negotiated in 2013. Additionally, there is a £10m uncommitted facility available for unconditional drawdown, none of which has been utilised during 2016-17. The terms of the agreement are detailed in the supporting notes to the Financial Statements. The University's forecasts and financial projections indicate that it will be able to operate within its existing facility and comply with all relevant covenants for the foreseeable future. Accordingly, the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in preparation of its Financial Statements.

Consolidated and University Statement of Comprehensive Income and Expenditure

Year ended 31 July 2017

	Note	Group 2017 £'000	Group 2016 £'000	University 2017 £'000	University 2016 £'000
Income					
Tuition fees and education contracts	1	45,763	45,154	45,763	45,154
Funding body grants	2	2,666	2,916	2,666	2,916
Research grants and contracts	3	70	322	70	322
Other income	4	10,647	10,172	10,647	10,172
Investment income	5	50	97	50	94
Donations and endowments	6	85	23	85	23
Total income		59,281	58,684	59,281	58,681
Expenditure					
Staff costs	7	30,393	29,980	30,267	29,826
Fundamental restructuring costs	7	-	2,337	-	2,337
Other operating expenses		20,973	20,355	21,104	20,527
Depreciation	11	3,791	4,265	3,791	4,265
Write-back of capitalised costs	11	534	-	534	-
Interest and other finance costs	8	1,439	1,340	1,439	1,340
Total expenditure	10	57,130	58,277	57,135	58,295
Operating surplus after depreciation of assets		2,151	407	2,146	386
Gain/(loss) on disposal of fixed assets		13	-	13	-
Surplus / (Deficit) before tax		2,164	407	2,159	386
Taxation	9	(8)	(3)	-	-
Surplus / (Deficit) for the year		2,156	404	2,159	386
Unrealised surplus on revaluation of land and buildings	11	-	(34)	-	(34)
Actuarial (loss)/gain in respect of pension schemes	23	11,610	(9,905)	11,610	(9,905)
Total comprehensive income for the year		13,765	(9,535)	13,768	(9,553)
Represented by:					
Endowment comprehensive income for the year	18	-	-	-	-
Restricted comprehensive income for the year	19	69	(11)	69	(11)
Unrestricted comprehensive income for the year		13,696	(9,524)	13,699	(9,542)
		13,765	(9,535)	13,768	(9,553)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2017

Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2015	85	146	54,563	43,228	98,022
Surplus/(deficit) from the income and expenditure statement	-	(11)	415	-	404
Other comprehensive income	-	-	(9,905)	(34)	(9,939)
Transfers between revaluation and income and expenditure reserve	-	-	1,578	(1,578)	-
Release of restricted funds spent in year	-	-	-	-	-
	-	(11)	(7,912)	(1,612)	(9,535)
Balance at 31 July 2016	85	135	46,651	41,616	88,487
Surplus/(deficit) from the income and expenditure statement	-	69	2,087	-	2,156
Other comprehensive income	-	-	11,610	-	11,610
Transfers between revaluation and income and expenditure reserve	-	-	387	(387)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	69	14,084	(387)	13,766
Balance at 31 July 2017	85	204	60,735	41,229	102,253
University					
Balance at 1 August 2015	85	146	54,571	43,228	98,030
Surplus/(deficit) from the income and expenditure statement	-	(11)	397	-	386
Other comprehensive income	-	-	(9,905)	(34)	(9,939)
Transfers between revaluation and income and expenditure reserve	-	-	1,578	(1,578)	-
Release of restricted funds spent in year	-	-	-	-	-
	-	(11)	(7,930)	(1,612)	(9,553)
Balance at 31 July 2016	85	135	46,641	41,616	88,477
Surplus/(deficit) from the income and expenditure statement	-	69	2,090	-	2,159
Other comprehensive income	-	-	11,610	-	11,610
Transfers between revaluation and income and expenditure reserve	-	-	387	(387)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	69	14,087	(387)	13,769
Balance at 31 July 2017	85	204	60,728	41,229	102,246

Consolidated and University Balance Sheet

As at 31 July 2017

	Note	Group 2017 £'000	Group 2016 £'000	University 2017 £'000	University 2016 £'000
Non-current assets					
Fixed assets	11	124,705	123,827	124,705	123,827
		124,705	123,827	124,705	123,827
Current assets					
Stock		23	22	23	22
Trade and other receivables	14	2,365	2,158	2,361	2,186
Cash and cash equivalents	20	16,481	16,818	16,478	16,738
		18,869	18,998	18,862	18,946
Creditors: amounts falling due within one year	15	(6,899)	(8,628)	(6,899)	(8,586)
Net current (liabilities)/assets		11,970	10,370	11,963	10,360
Total assets less current liabilities		136,675	134,197	136,668	134,187
Creditors: amounts falling due after more than one year	16	(22,074)	(23,259)	(22,074)	(23,259)
Provisions					
Pension Provision	17	(12,348)	(22,451)	(12,348)	(22,451)
Total net assets		102,253	88,487	102,246	88,477
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	85	85	85	85
Income and expenditure reserve - restricted reserve	19	204	135	204	135
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		60,735	46,651	60,728	46,641
Revaluation reserve		41,229	41,616	41,229	41,616
		102,253	88,487	102,246	88,477
Total Reserves		102,253	88,487	102,246	88,477

The Financial Statements on pages 44 to 60 were approved by Governors on 23 November 2017 and signed on their behalf by:



Professor Karen Stanton
Vice Chancellor



Ann M Green CBE
Chairman and Pro Chancellor

Statement of Cash Flows

Year ended 31 July 2017

	Notes	2016/17 £'000	2015/16 £'000
Cash flow from operating activities			
Surplus for the year before tax		2,164	407
Adjustment for non-cash items			
Depreciation	11	3,791	4,265
Write-back of capitalised costs	11	534	-
Taxation	9	(8)	(3)
Decrease/(increase) in stock	13	(1)	7
Decrease/(increase) in debtors	14	(207)	436
Increase/(decrease) in creditors	15	(1,309)	(512)
Increase/(decrease) in pension provision		1,507	1,042
Adjustment for investing or financing activities			
Investment income	5	(50)	(97)
Interest payable		932	907
Profit on the sale of fixed assets		(13)	-
Capital grant	2	(381)	(402)
Net cash inflow from operating activities		6,959	6,050
Cash flows from investing activities			
Proceeds from sales of fixed assets		16	-
Investment income	5	50	97
Payments made to acquire fixed assets		(5,718)	(6,494)
Capital grant	2	381	402
		(5,271)	(5,995)
Cash flows from financing activities			
Interest paid	8	(944)	(907)
Repayments of amounts borrowed		(1,081)	(905)
		(2,025)	(1,812)
(Decrease)/Increase in cash and cash equivalents in the year		(337)	(1,757)
Cash and cash equivalents at beginning of the year	20	16,818	18,575
Cash and cash equivalents at end of the year	20	16,481	16,818
		(337)	(1,757)

Notes to the Accounts

Year ended 31 July 2017

1 Tuition fees and education contracts

Notes	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Full-time home and EU students	37,501	35,285	37,501	35,285
Full-time international students	3,365	4,579	3,365	4,579
Part-time students	582	621	582	621
Short course fees	703	908	703	908
Occupational and physiotherapy	3,612	3,761	3,612	3,761
	45,763	45,154	45,763	45,154

2 Funding body grants

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Recurrent grant				
Higher Education Funding Council	1,584	1,797	1,584	1,797
Specific grants				
Higher Education Funding Council	701	717	701	717
Capital grant	381	402	381	402
	2,666	2,916	2,666	2,916

3 Research grants and contracts

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Research councils	20	46	20	46
Research charities	5	66	5	66
Government (UK and overseas)	10	131	10	131
Industry and commerce	3	4	3	4
Other	32	75	32	75
	70	322	70	322

4 Other income

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Residences, catering and conferencing	8,799	7,989	8,799	7,989
Other income	1,848	2,183	1,848	2,183
	10,647	10,172	10,647	10,172

5 Investment income

	Notes	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Investment income on endowments	18	-	-	-	-
Investment income on restricted reserves	19	-	1	-	1
Other interest received		50	96	50	93
		50	97	50	94

6 Donations and endowments

		Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
New endowments	18	-	-	-	-
Donations with restrictions	19	85	23	85	23
		85	23	85	23

7 Staff costs

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Staff costs:				
Salaries	23,592	26,124	23,466	25,970
Social security	2,118	1,850	2,118	1,850
Other pension costs	4,683	4,343	4,683	4,343
	30,393	32,317	30,267	32,163

Staff costs include

	2016/17 £'000	2015/16 £'000
Fundamental restructuring costs	-	2,337

In 2016-17 the University spent £482,023 on restructuring costs which were not fundamental in nature. These costs are included in the staff costs above.

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

	2016/17 Number	2015/16 Number
Academic schools	295	298
Academic services	98	96
Administration and central services	177	171
Premises	68	67
Residence and catering	19	19
	657	651

In 2016-17 a number of support functions were centralised from the former Academic faculties to Academic services and Administration and central services. The 2015-16 category totals have been restated to ensure comparability.

Emoluments of the Vice-Chancellor:

The current Vice Chancellor replaced the previous post holder who took early retirement and left the University on 30 September 2015.

	2016/17 £'000	2015/16 £'000
Salary	200	180
Contributions to removal costs	-	12
Total excluding pension costs	200	192
Standard rated employer's pension cost	-	-
Total including pension costs	200	192
Salary	-	32
Bonus	-	-
Benefits	-	2
Total excluding pension costs	-	34
Standard rated employer's pension cost	-	5
Total including pension costs	-	39

Remuneration (excluding employer's pension contribution) of other higher paid staff:

	2016/17 Number	2015/16 Number
£100,000 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	1	-

In 2016-17 the employee who appeared in the highest category does so due to receiving a compensation payment for loss of office. This figure is included in the total below. The fundamental restructuring in 2015-2016 reduced the number of higher paid staff.

Compensation for loss of office payable to a senior post-holder:

	2016/17 £'000	2015/16 £'000
Compensation payable recorded within staff costs	271	108
	Number	Number
Number of staff paid	2	1

2015-16: The full amount relates to a provision for the compensation for loss of office for a member of staff earning in excess of £100,000.

2016-17: The amount relates to compensation for loss of office and enhanced pension contributions.

Compensation payable to key management personnel:

	2016/17 £'000	2015/16 £'000
Compensation payable recorded within staff costs	1,223	1,190
Number of posts included within key management personnel	10	10

The 2015-16 comparative has been restated to include a number of senior staff who as of 2016-17 form part of key management personnel.

8 Interest and other finance costs

	Notes	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Loan interest		932	989	932	989
Net charge on pension scheme	23	507	351	507	351
		1,439	1,340	1,439	1,340

9 Taxation

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

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Overseas taxation	8	3	-	-
	8	3	-	-
Tax paid in the year	8	3	-	-

10 Analysis of total expenditure by activity

	Staff 2016/17 £'000	Non Staff 2016/17 £'000	Group 2016/17 £'000	Group 2015/16 £'000
Academic departments	18,000	5,596	23,596	24,139
Academic services	2,949	3,328	6,277	5,917
Premises (including service concession cost)	1,661	6,452	8,113	7,600
Residences, catering and conferences	428	6,303	6,731	6,759
Research grants and contracts	21	23	44	322
Administration and central services	3,137	1,470	4,607	3,422
General educational expenditure	2,066	2,295	4,361	4,564
Staff and student facilities	2,131	1,270	3,401	3,217
Fundamental restructuring	-	-	-	2,337
	30,393	26,737	57,130	58,277

Other operating expenses include

External auditors remuneration in respect of:

Audit of accounts	41	41
Audit related assurance services	3	24
Taxation compliance services	8	17
Corporate finance services	-	-
Internal auditors	46	47
Operating lease rentals:		
Land and buildings	3,263	3,063
Other	176	228

11 Fixed Assets

	Freehold Land and Buildings £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Computers £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation							
At 1 August 2016	118,750	150	2,416	4,981	3,900	5,406	135,603
Additions	2,904	47	252	571	838	593	5,206
Transfers	5,338	-	-	-	-	(5,338)	-
Impairments	(534)	-	-	(112)	(1)	-	(648)
Disposals	-	(42)	-	-	-	-	(42)
At 31 July 2017	126,459	156	2,668	5,440	4,737	661	140,120

Depreciation

At 1 August 2016	3,976	94	1,585	3,226	2,895	-	11,776
Charge for the year	2,340	28	185	742	497	-	3,791
Transfers	-	-	-	-	-	-	-
Impairments	-	-	-	(112)	(1)	-	(113)
Disposals	-	(39)	-	-	-	-	(39)
At 31 July 2017	6,316	83	1,770	3,856	3,391	-	15,415

Net book value

At 31 July 2017	120,143	72	898	1,584	1,346	661	124,705
At 31 July 2016	114,774	56	831	1,755	1,005	5,406	123,827

The exchequer interest in fixed assets is (2017: £3.9m) (2016: £3.9m) (2015: £5.2m).

12 Subsidiary undertakings

The University has a wholly owned subsidiary undertaking in Malaysia, York SJ Sdn. Bhd. This company co-ordinates student recruitment in the Far East and commenced activities in December 2011. The University owns 2 shares of 1 MYR each, which translates to an investment of approximately 40p. The company ceased trading in April 2017 and is now in liquidation.

13 Stock

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
General consumables	23	22	23	22
	23	22	23	22

14 Trade and other receivables

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Trade debtors	1,674	1,424	1,674	1,424
Subsidiary Company: York SJ Sdn. Bhd.	-	-	(4)	28
Prepayments and accrued income	691	734	691	734
	2,365	2,158	2,361	2,186

15 Creditors : amounts falling due within one year

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Unsecured loans	1,096	1,081	1,096	1,081
Trade payables	1,237	1,382	1,237	1,382
Social security and other taxation payable	704	806	704	806
Accruals and deferred income	3,862	5,359	3,862	5,317
	6,899	8,628	6,899	8,586

16 Creditors : amounts falling due after more than one year

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Unsecured loans: amounts payable in				
1 to 2 years	1,123	1,097	1,123	1,097
2 to 5 years	3,529	3,446	3,529	3,446
More than 5 years	15,972	17,177	15,972	17,177
	20,624	21,720	20,624	21,720
Lease accrual - City Residence	937	981	937	981
Deffered income	513	558	513	558
	22,074	23,259	22,074	23,259

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

The University has a 25-year loan facility of £13m on a fixed interest rate due to be repaid in July 2033, a loan of £12m on a variable interest rate due to be repaid in October 2024 and a revolving credit facility of £10m which is currently undrawn. All loans are unsecured.

17 Pension Provision

	Obligation to fund deficit on NYCC £'000	Enhanced Pensions £'000	Total Pensions Provisions £'000
At 1 August 2016	21,877	574	22,451
Utilised in year	-	-	-
Additions in 2016/17	(9,973)	-	(9,973)
Unused amounts reversed in 2016/17	-	(130)	(130)
At 31 July 2017	11,904	444	12,348

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

18 Endowment Reserves (University and Group)

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August					
Capital	31	-	54	85	85
Accumulated income	-	-	-	-	-
	31	-	54	85	85
New endowments	-	-	-	-	-
Investment income	-	-	-	-	-
Expenditure	-	-	-	-	-
	-	-	-	-	-
Balance as at 31 July	31	-	54	85	85
Represented by:					
Capital	31	-	54	85	85
Accumulated income	-	-	-	-	-
	31	-	54	85	85
Analysis by type of purpose:					
Scholarships and bursaries	31	-	-	-	31
General	-	-	54	-	54
	31	-	54	-	85

Endowment reserves are all held as cash & cash equivalents.

19 Restricted Reserves (University and Group)

	University capital grants £'000	Donations £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August	-	135	135	146
New grants	-	-	-	-
New donations	-	85	85	23
Investment income	-	-	-	1
Expenditure	-	(16)	(16)	(35)
Restricted comprehensive income for the year	-	69	69	(11)
Capital grants utilised	-	-	-	-
Balance at 31 July	-	204	204	135

Analysis of other restricted funds / donations spent in the year by type of purpose:

	2017 Total £'000	2016 Total £'000
Scholarships and bursaries	13	31
Prize funds	-	-
General	3	4
	16	35

20 Cash and cash equivalents

	At 1 August 2016 £'000	Cash Flows £'000	At 31 July 2017 £'000
Consolidated			
Cash and cash equivalents	16,818	(337)	16,481
	16,818	(337)	16,481

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	Group 2016/17 £'000	Group 2015/16 £'000	University 2016/17 £'000	University 2015/16 £'000
Commitments contracted for	798	4,401	798	4,401
	798	4,401	798	4,401

22 Operating Leases

Operating lease rentals included in other operating expenditure:

	2017 Total £'000	2016 Total £'000
Land and buildings	3,263	3,063
Other	176	228

At 31 July the University had minimum lease payments under non-cancellable operating leases as follows:

	Buildings £'000	Equipment £'000	Total £'000	2016 £'000
Within 1 year	3,333	176	3,509	3,439
2-5 years	8,605	113	8,718	11,288
After 5 years	2,891	-	2,891	3,649
	14,829	289	15,118	18,376

Included within operating lease commitments above is a buildings lease commitment for City Residence. The lease expires on 06/9/2026 however a break clause can be exercised on this property on a 6 monthly rolling basis with all covenants 'substantially observed'. The Percy's Lane property lease expires on 15/09/2033 however the minimum commitment is calculated up until the first of the two break clauses on 01/09/2020.

23 Pensions

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

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

16.48% for academic staff.

15.80% for non academic staff.

Total pension costs included in staff costs for the year

	2017 £'000	2016 £'000
Teachers' Pension Scheme: contributions paid *	1,828	1,814
North Yorkshire County Council Pension Fund: charge to Income & Expenditure Account	2,711	2,516
North Yorkshire County Council Pension Fund: early retirement recharge	216	-
Enhanced pension charged to the Income & Expenditure Account	(72)	13
	4,683	4,343

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

North Yorkshire County Council Superannuation Fund: non academic staff

i) The 2016 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 2016 valuation was based on the following assumptions:

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

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

ii) FRS 102 valuation as at 31 July 2017

Under the definitions set out in FRS 102, 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 31 July 2017.

It is based upon a full actuarial valuation of the Fund at 31 March 2016 updated to 31 July 2017 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31 July 2017.

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 on the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

The actuarial assumptions made for this valuation were:

		Start of the year	End of the year
Rate of inflation		1.80%	2.00%
Rate of increase in salaries		3.30%	3.25%
Rate of increase in pensions		1.80%	2.00%
Discount rate		2.40%	2.60%
Retiring today	Males	23.3	22.8
	Females	25.8	26.3
Retiring in 20 years	Males	25.6	25.0
	Females	28.1	28.6

iii) The results of the FRS 102 valuation at 31 July 2017, included in the Financial Statements

	2016/17 £'000	2015/16 £'000
Charges to Income & Expenditure Account		
Staff Costs		
Current service costs	2,713	2,280
Past service costs	-	185
	2,713	2,465
Staff Costs	2,713	2,465
Interest Payable	£'000	£'000
Pension finance (income) / costs:		
Interest Income on Assets	(1,184)	(1,551)
Interest on pension liabilities	1,691	1,902
Interest payable	507	351
Movement in the deficit during the year	£'000	£'000
Deficit in the scheme at 1 August	21,877	10,877
Current service costs	2,713	2,280
Employer contributions	(1,583)	(1,721)
Curtailement costs	-	-
Past service cost	-	185
Net interest / return on assets	507	351
Actuarial loss/ (gain)	(11,610)	9,905
Deficit in the scheme at 31 July	11,904	21,877
Analysis of the movement in the present value of the scheme liabilities	£'000	£'000
At the beginning of the year	71,178	54,731
Current service costs	2,713	2,280
Interest costs	1,691	1,902
Contributions by scheme participants	635	648
Past service cost	-	185
Benefits paid	(2,161)	(1,452)
Actuarial loss/ (gain)	(5,163)	12,884
At the end of the year	68,893	71,178
Analysis of the movement in the market value of scheme assets	£'000	£'000
At the beginning of the year	49,301	43,854
Expected return on pension scheme assets	1,184	1,551
Contributions by employer	1,583	1,721
Contributions by scheme participants	635	648
Benefits paid	(2,161)	(1,452)
Actuarial (loss)/ gain	6,447	2,979
At the end of the year	56,989	49,301

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teacher's Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and Higher Education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 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 Pension (Increases) 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' Pension 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 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with 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 GA valued the Teachers' Pension Scheme as at 31 March 2012. The total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion (£176.5 billion on the prior valuation). The assumed real rate of return is 3.0% in excess of prices and 2.75% in excess of earnings. The assumed gross rate of return is 5.06%.

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.

As from 1 April 2015 the standard contribution has been assessed as 20.4% with a supplementary contribution of 5.6%. This translates into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cap on employer contributions payable has been set at 10.9%.

24 Related party transactions

The University made a grant to the York St John Students' Union of £465,000 (2016: £484,180).

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

A member of key management personnel is a Trustee of UCAS, to whom the University paid a total of £72,140 as a supplier in 2016-17 (£75,096 in 2015-16; includes both UCAS and UCAS Media Ltd). There was no outstanding balance at the year end.

A member of the Governing Body is also a Trustee of York Citizens Theatre Trust, to whom the University paid a total of £7,986 as a supplier in 2016-17 (£18,900 in 2015-16). There was no outstanding balance at the year end.

The total expenditure incurred and expenses claimed by 5 Governors and External Committee members amounted to £2,100 paid relating to travel, subsistence and accommodation.

25 Events after the balance sheet date

There are no events after the Balance Sheet date to disclose.

The accounts were authorised for issue on 23rd November 2017 by Governing Body.



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