

# Annual Report and Financial Statements 2012-13





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York St John  
University

Fountains Learning Centre

# Foreword



**“It is an absolute pleasure to be Chairman of the Board at such an exciting and successful time for the University.”**

A handwritten signature in black ink, which appears to read 'Ann Green', written over a horizontal line.

Ann Green CBE  
Chairman of the Governing Body  
25 November 2013

York St John University is committed to the provision of excellent, open and progressive Higher Education that embraces difference, challenges prejudice and promotes justice, and is shaped by York St John's Church Foundation. In so many ways, 2012/13 has been an exceptional year of progress in pursuit of this mission, with major achievements in the Times Higher Education (THE) Student Experience Survey 2013, the National Student Survey (NSS) and the fantastic news that York St John has been shortlisted for the Times Higher Education University of the Year Award. Universities the length and breadth of the land are striving to improve the student experience and at York St John we are leading the way.

A personal highlight for me is the Academic Congregations which we are fortunate to be able to hold in the magnificent York Minster. The Chancellor of the University, The Most Reverend and Right Honourable Dr John Sentamu, The Archbishop of York, conducts the ceremonies and they are joyous occasions for

all. This year we were once again fortunate to be able to award Honorary Degrees to truly exceptional people: The Most Reverend Desmond Tutu, Ian McMillan, Glynn Ryland, Julia Unwin CBE, Sandi Toksvig, and Dr Elizabeth White.

The Governing Body has worked very effectively with the Vice Chancellor and his staff to develop and approve the Strategic Plan 2012-15. Through our formal committee structure and opportunities to engage with the Strategic Leadership Team we are able to review progress, reflect on emerging trends and engage in forward-thinking on the potential for York St John University within global higher education in the years ahead. The Vice Chancellor and his team provide the Governing Body with exceptionally high quality data and information on the University's performance and commentary on the performance within the sector as a whole. This evidence-based approach to decision-making, and the outstanding outcomes across a range of key performance indicators,

has given the Governing Body confidence in the University's decision to invest in its future. This investment is in support of the University's strategic aims of growth, quality enhancement, community and resilience.

During the 2012/13 academic year the term of office for a number of Governors came to an end and on behalf of the Board I would like to recognise, formally, the significant contribution made by these colleagues over the years. This has opened up opportunities to recruit new Board members and having undertaken a skills audit of the whole Board we are delighted that a number of experienced individuals have joined us and have already begun to make a contribution to the continued effective governance of the University.

These are indeed exciting times for York St John University and I am certain that through the Governing Body, the staff, and the students continuing to work together, the University's ambitions will not only be achieved but will be exceeded.

Outside the  
Students' Union



# Welcome from the Vice Chancellor



“2012/13 has been the most successful and progressive year in the University’s history.”

Professor David Fleming  
Vice Chancellor  
25 November 2013

Building on our growing academic reputation, high quality provision, dedicated enthusiastic staff and students and an exceptional fit-for-purpose campus has ensured that York St John University has once again demonstrated the ability to grow student numbers from both home and overseas markets. Achieving an 11% growth in applications for September 2012 entry, the largest percentage growth of any English university, and successful conversion meant that student number control targets were achieved for all three publicly funded sources, namely the Higher Education Funding Council for England (Hefce), The National Health Service (NHS) and the National College for Teaching and Leadership (NCTL).

The University has also benefited from its ambitious plans for recruitment of international students through working with new partners and the opening of its overseas subsidiary York SJ Sdn.Bhd. based in Malaysia, with an office in Beijing. This has been supported through the ongoing internationalisation of the curriculum and campus, including the continued

expansion of our academic portfolio, particularly within the Business School, with new undergraduate and postgraduate programmes being accredited during the year.

The University focus on ensuring that we deliver an exceptional student experience has provided us with a number of key successes and achievements throughout the year which include:

- Achieving ninth place in the Times Higher Education (THE) Student Experience Survey 2013.
- Being named as one of six finalists who are all shortlisted for the Times Higher Education University of the Year Award 2013, and being nominated in three other categories: International Collaboration, Outstanding Employer Engagement, and Excellence and Innovation in the Arts.
- Improving student satisfaction with an approved rating of 88% in the NSS.

- Being fifth in the country for assessment and feedback, as evidenced in the NSS.
- Rising 16 places to 64th place in the Sunday Times University Guide.
- Achieving a significant increase in the average tariff points on entry.
- Improving student retention, completion and good degree outcomes.
- 91% staff satisfaction.
- Out-performing our financial targets and building cash reserves for future investment.

I am very proud of the University’s professional and corporate approach to planning. This ongoing process ensures that academic and service departments’ annual operating plans are aligned to the strategic plan and delivers the appropriate level of resource to support the corporate objectives.

The outcome of this year's annual planning cycle has produced a set of incredibly ambitious plans to continue to build the quality of our teaching and learning, provide added services to students and provide career development opportunities for staff. Having achieved our student number targets for 2013 entry we are set to deliver income growth of 12% which will allow us to make further significant investment.

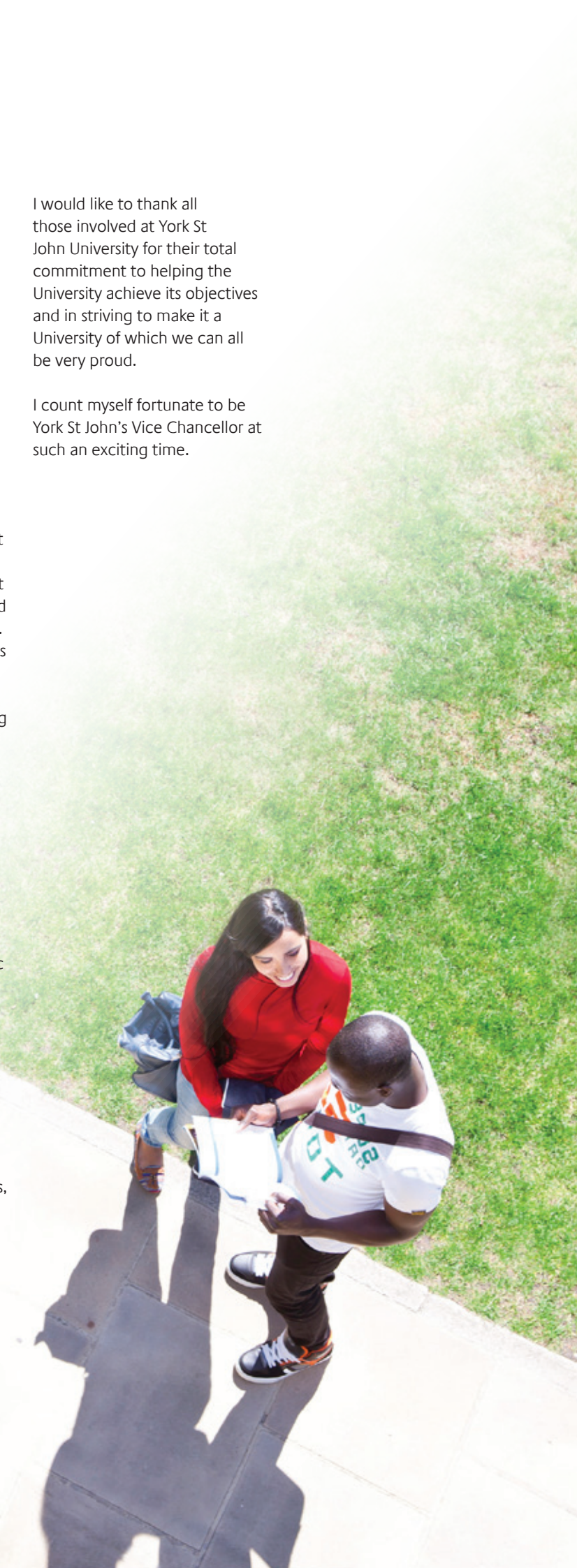
The University processes and procedures are aligned to ensure that it has data and information available that confirms exactly how it is performing. Many believe the University is sector-leading in this respect. From this position of strength, I and my Strategic Leadership Team have worked with the Governing Body to outline a +£40 million capital investment programme for the period to 2015/16 that will provide an even stronger financial base and greater resilience for the future. We have recently purchased our newly opened student residence, St John Central, which provides 258 en-suite bedrooms in an excellent location within the city walls and less than 10 minutes' walk from the campus. Plans are being developed for additional and enhanced facilities for staff, academic space, and for student social and recreational space, including significant investment at the University's outdoor sports park at Nestlé Rowntree Park which was acquired in April 2012.

None of these achievements, nor the confidence to plan for the future, would be realisable without the backing of the Governing Body, the commitment of all staff and the support of the student population. It was therefore extremely rewarding during the year to be able to thank the whole of the University community through an impromptu party attended by 3,000 people to celebrate our ninth position in the Times Higher Education (THE) Student Experience Survey. There is one further award which I must mention, being awarded a Gold Award from Yorkshire in Bloom. Everyone who visits our campus comments on how wonderful our gardens look throughout the year and this award is fitting recognition for our first class grounds team.

I would like to say a most generous thank you to Deputy Vice Chancellor Professor David Maughan Brown who retires next month after a distinguished academic career and 12 years' service focussing on strengthening the academic achievements of York St John University, including taking the lead on our application for Research Degree Awarding Powers. Professor Alyson Tobin has joined York St John from St Andrew's University as our new Deputy Vice Chancellor and, boosted by a number of other senior staff appointments, I know that this University has a highly competent and professional staffing team with the capabilities to deliver its ambitious plans.

I would like to thank all those involved at York St John University for their total commitment to helping the University achieve its objectives and in striving to make it a University of which we can all be very proud.

I count myself fortunate to be York St John's Vice Chancellor at such an exciting time.





# Governors & Directors of the University

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

## Governors

		Date of appointment	Date of expiry of office
Representative of the Lord Archbishop of York	Rt Revd Dr Tom Butler <sup>1</sup>	01/09/2012	31/07/2015
	Rt Revd David Smith	01/09/2003	31/08/2012
Two Diocesan Nominees	Rt Revd James Bell	01/09/2009	31/07/2015
	Revd John Hadjioannou	01/09/2009	31/07/2015
Two Members of the Church of England or a church in communion with it	John Finnigan <sup>2</sup>	01/09/2005	31/07/2014
	Diana Gant <sup>3</sup>	01/09/2005	31/07/2014
General Synod Board of Education Representative	Dr Ann Lees	01/10/2008	31/07/2014
Vice Chancellor, ex officio	Prof David Fleming	01/06/2010	
Staff Governor (elected)	Dr James Fathers	01/03/2010	30/06/2013
	Peter Gray	01/08/2013	31/07/2016
Student Governor (President of Students' Union), ex officio	Adam McSkimming	01/07/2012	
Up to 8 Co-opted Governors	Vicky Biles	01/09/2006	31/07/2013
	Martin Hathaway	01/09/2009	31/07/2013
	Judith Hewitt	01/09/2007	31/08/2013
	Gurdeep Kaur Chadha	01/09/2005	31/07/2014
	Ann Green <sup>4</sup>	11/07/2011	31/07/2014
	Jane Hanstock <sup>5</sup>	01/09/2006	31/07/2015
	Richard France	19/11/2012	31/07/2015
	Stephen Milner	19/11/2012	31/07/2015
	Paul Murphy	01/09/2006	31/08/2012
	Prof David Sugden	01/09/2009	31/08/2012
	Jon Hammond Booth	01/08/2013	31/07/2016
	Ian Wallace	01/08/2013	31/07/2016
	Maggie Pavlou	01/09/2013	31/07/2016

<sup>1</sup> Chair of the Foundation Committee

<sup>2</sup> Chair of the Audit Committee; Chair of the Remuneration Committee

<sup>3</sup> Chair of the Human Resources Committee

<sup>4</sup> Chairman of the Governing Body from 01/10/2011; Chairman of the Governance and Nominations Committee

<sup>5</sup> Chair of the Finance and Capital Development Committee



# The University

The University has grown from two Anglican teacher training colleges, which were founded in York in 1841 (for men) and 1846 (for women) and still holds the values of its church foundation at its heart today. York St John has a strong commitment to values such as social justice, respect for the individual and promoting the public good through its work with communities and individuals.

## Company information

York St John University is a charitable company limited by guarantee (registered in England and Wales, number 4498683, charity registration number 1098356).

**Registered Office**  
Lord Mayor's Walk  
York YO31 7EX

**Bankers**  
Barclays Bank plc  
Parliament Street  
York YO1 1XD

**External Auditors**  
KPMG LLP  
1 The Embankment  
Leeds LS1 4DW

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

**Solicitors**  
Langleys  
Queens House  
Micklegate  
York YO1 6WG

York St John is committed to the provision of excellent, open and progressive Higher Education that embraces difference, challenges prejudice and promotes justice. Building on this foundation, we aim to:

- Provide widely-accessible opportunities for lifelong learning, underpinned by scholarship and research;
- Extend and deepen the University's external contribution regionally, nationally and globally;
- Foster a supportive, creative, critical and reflective community which promotes personal and professional development for both students and staff.

York St John University is a diverse community of 6,604 students from over 100 countries and 658 staff.

We have a strong track record of employability and enterprise with 93% of our graduates undertaking further study, employment or starting a business within six months of leaving university. We already contribute approximately £60 million to the local economy every year and help to create 1,200 jobs in the city.

Since 2009, the University's enterprise programme has successfully supported and established 70 new businesses, creating over 80 jobs. In addition, our comprehensive incubation and mentoring service has provided intensive business assistance to over 150 businesses and supports over 350 graduate business enquiries each year.

We have invested £7.5m on capital projects over the last two years and have plans to invest a further £40 million over the next three to four years.

# Charity status and public benefit

York St John University is a company limited by guarantee, an exempt charity under the terms of the Charities Act 2011 and is regulated by Hefce. The Charity Commission gives clear guidance on the reporting of public benefit and in determining the University's objectives and activities. The Board of Governors has complied with the Commission's guidance and in particular the supplemental guidance on the advancement of education (the University's primary objective as defined in our Instrument of Government).

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

All prospective students are made aware of the availability of financial support. In 2012/13, 40% of new undergraduate students received a means-tested fee waiver. The University has committed more than £23million to student financial support over the next five years; and in addition will also sustain its £1.8million bursary provision for those continuing students who enrolled before 2012.

In 2013 entrants from the lowest socio-economic groups constituted 29.6% of the York St John student body with a further 15.6% from low participation neighbourhoods.

The University invested £0.9m in new sport and wellbeing facilities during 2012, with the strategic aim of developing a 'sport and wellbeing for all' agenda. The facilities on Haxby Road in York are available to students, staff and the wider community for a number of sporting and wellbeing activities, including team and individual sports as well as activities for leading a healthy lifestyle.

York St John hosts public lectures every year, encouraging the sharing of knowledge within its community and the dissemination of research and current opinion to its staff, students and guests. These proved to be extremely popular with Go York, the Ebor Lectures in conjunction with the University's partners and the St Wilfrid lectures in Ripon attracting over 6,000 attendees.

To support the charitable work of the University it received donations to the value of £20,000 in 2012/13 from alumni, to whom the University is incredibly grateful.



# Strategy, progress and risk management

York St John University strives to be exceptional in all it does. The University has and continues to build a reputation as a high quality, friendly establishment, known for its academic excellence, strong community spirit and a magnificent campus based in the heart of the city of York. The strategic plan for 2012-15 will help the University to build on its success.

Through the University's strategy it will:

- Enhance the quality of the student experience, with a particular focus on learning and teaching, so that its graduates develop skills for life and work.
- Nurture and retain the sense of community built up over 170 years.
- Deliver growth in its student numbers – Home/EU, international and postgraduate.
- Ensure its financial and organisational resilience.

## Key strategic aims

The University has developed a set of strategic aims which are informed by leading strategies and underpinned by enabling strategies.

## Leading strategies

1. Develop innovative, inclusive and high quality teaching, learning and assessment practices that actively engage students and lead to an exceptional learning experience for students and staff.
2. Develop a strong, vibrant and sustainable research culture that informs its teaching, inspires its students and staff, enables research excellence, and enhances its academic reputation.
3. Build its reputation in the international community so it is recognised as a high quality University that develops staff and produces graduates with skills to succeed in the global community.

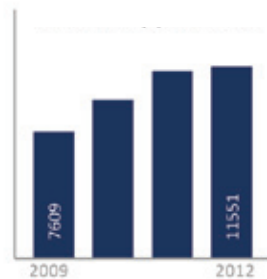
4. Provide opportunities for all students to develop the employability and enterprise skills they need to achieve their career potential.
5. Achieve University recruitment and widening participation targets.
6. Provide high quality, integrated and evidence-based student support services.



## Enabling strategies

1. Enhance the communication of the brand and profile of the University, increasing its reputation for exceptionalism in learning and teaching, the student experience and for quality graduates.
2. Provide an inclusive environment that promotes equality and embraces diversity.
3. Provide inspiring and sustainable environments and facilities that enhance the student and staff experience.
4. Become an exemplar of best practice within the sector and the city by reducing the University's environmental impact.
5. Ensure the University's financial strategy underpins its corporate aspirations, aligns resources to its strategic plan and enhances financial sustainability.
6. Be a good employer that values, develops and engages its employees.
7. Provide accessible and resilient ICT and Library services that enhance communication, business systems and information discovery by students and staff.

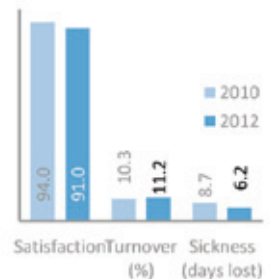
### Student applications



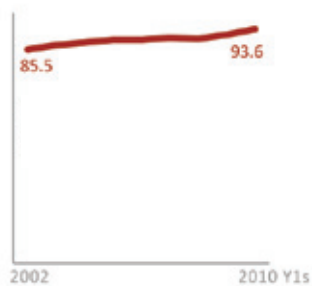
### Hefce recruitment



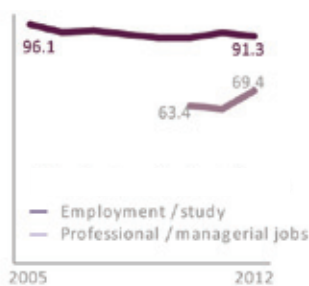
### Staff



### Continuation rates of first students



### Graduate destinations



### Student staff ratios



## Key Progress and Risk Indicators

There have been a number of significant changes to the University's Progress and Risk framework during the last year. From a progress perspective:

- Student applications have risen every year for the last five years, a total rise of 67%. The University recruited very close to its Hefce recruitment targets in 2012 and 2013.
  - The average tariff points of entrants is now 301, a 14% rise in five years.
  - Student Staff Ratios continue to be reduced at an institutional level.
  - The continuation rate of first years has improved gradually since 2002 and now stands at 93.6%.
  - Student satisfaction in the NSS now stands at 88%, up from 74% in 2006. The University is targeting areas that have lower scores.
  - The percentage of students gaining a First or 2:1 degree has increased since 2006.
  - Graduate destinations have remained high, with increasing percentages gaining professional jobs.
  - Staff indicators are overwhelmingly positive.
- A number of high risks have been reduced relating to the Quality Assurance Agency (QAA), Student Staff Ratios, and staff development. A number of risks have been increased to a medium/high status; the Home Office; data quality and returns; and tariff points on entry. Indicators related to student recruitment – Hefce allocated, international and postgraduate – continue to have high risk ratings and this is likely to remain the case. A number of new medium/high risks have been identified related to the achievement levels of Black and Minority Ethnic (BME) students, league table positions; and space utilisation.



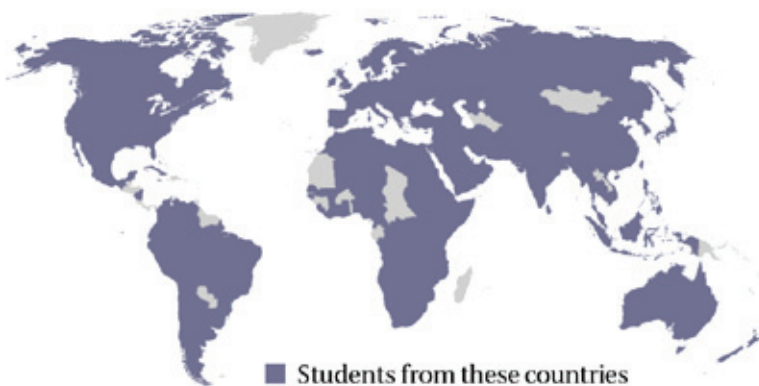


# Directors' Report

Much progress has been made during the first year of the Strategic Plan 2012-15. The realisation of the University's Strategic Plan rests on the achievement of all thirteen strategies. Working together under the four key themes of Growth, Quality, Community, and Resilience, the University has already made substantial moves towards achieving its goals.

## Growth

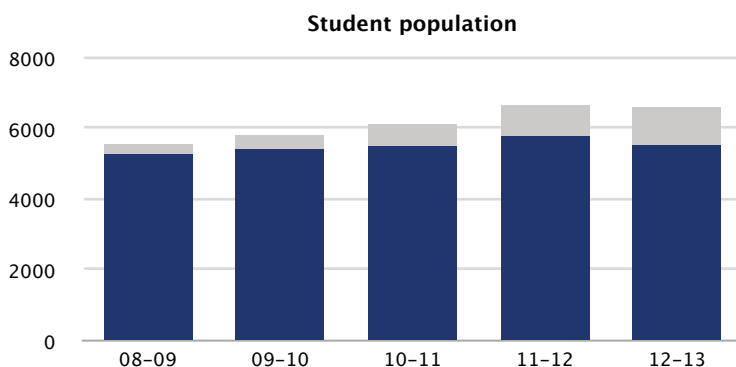
York St John has seen a 67% increase in applications since 2008 including 11% in 2011/12 (the largest increase for an English university). The University also successfully applied for additional student numbers and met Student Number Control (SNC) target in the autumn of 2012. Based on significant strengths identified by Ofsted, the National College for Teaching and Leadership (NCTL) allocated 27 additional places to York St John University for students wishing to study Primary Teaching at undergraduate or postgraduate level on courses starting in September 2012. These were all filled successfully. International recruitment has also doubled since 2007.



The University's geographic reach has widened, with students from over 100 countries studying at York St John in 2012/13.

Recruitment and marketing activity has followed an evidence-based approach, leading to careful targeting of promotional activity. This has resulted in record attendance at open days and an increased range of subject taster events has been delivered to key feeder institutions. Recruitment activity has been expanded geographically to cover more institutions and target more individuals living in the North West of England and South Yorkshire.

The key partnership with York College continues to develop, including joining up support for those students on courses at the College that the University validates.



York St John has a strong commitment to widening participation and it is one of its key strategies. It has developed an ever growing programme of outreach and engagement activities with feeder institutions in the region and beyond and regular monitoring and evaluation shows the University is above, or remains close to, national and benchmark levels in most areas. Activities have been delivered for school pupils in years six to thirteen, mature students, care leavers and black and minority ethnic learners. In the early summer of 2013 the University received further recognition for its commitment to supporting care leavers entering Higher Education. Buttle UK upgraded the University's Quality Mark for Care Leavers in Higher Education to 'exemplary' for the efforts it makes to smooth the way for care leavers to gain access to degree courses.

The University constantly reviews and updates its academic portfolio to ensure it provides programmes which are attractive to both home and international markets. The Academic Portfolio Group works to ensure that programmes of study provide the best possible learning experience to facilitate the future employment of York St John graduates. During 2012/13 new programmes included BA (Hons) degrees in: Counselling, Coaching & Mentoring; Computer Science and International Tourism & Hospitality Management. In addition there were new MA degrees in Global Marketing; International Business; Creative Practice: Applied Theatre; Music Composition; Fine Arts; Performance; and MBA programmes in Design and Media Management.

The Continuing Professional Development (CPD) offering goes from strength to strength, particularly in the areas of health and business.

The University's success will ensure that it continues to support the economic growth of the city and region. York St John is proud to be a civic university with a strong community ethos and engagement in business, the arts, education, health and life sciences.

## Quality

Following a thorough review and implementation of a robust quality assurance action plan, the Quality Assurance Agency (QAA) approved a full sign off of the University's Institutional Audit in December 2012, giving it a full confidence judgement.

The University's expanding research culture not only saw an increase in applications for funding, but also saw research income rise during the year. Research funding has now been devolved to faculties, leading to more resources for academics to pursue research opportunities. As a result there has been an increase in the number of external applications for research funding, itself an indicator of the growing research culture within the University. An internal mock Research Excellence Framework (REF) process was completed in August 2013 and this indicated that there have been very significant improvements in the quality of research outputs since the 2008 Research Assessment Exercise (RAE).

The University is now in a position to apply for Research Degree Awarding Powers (RDAP), having met or exceeded all the measures required by the QAA. An initial application for RDAP, accompanied by a critical self-analysis (CSA) document, was submitted in the late summer of 2013. The CSA provides evidence of how the University has met quantitative criteria for RDAP, including that it now has 36% of academic staff with PhDs.

York St John's education programmes were rated 'outstanding' for its secondary teacher education and 'good' for its primary programmes, receiving particular praise for its recruitment and selection process and for its leadership.

The University's work with the Higher Education Academy (HEA), which provides opportunities for staff to gain recognition for the ways they support student learning, has been at the leading edge of the sector. York St John aspires to have all teaching staff holding a teaching qualification by the end of 2014/15, and although it is challenging, this will enhance its research-informed teaching.

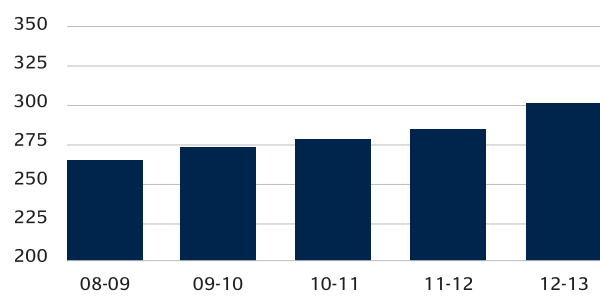


Entry and tariff point requirements are reviewed on an annual basis, against market and student information and in consultation with faculty staff. The average tariff points of York St John entrants is now 301, a 14% rise in five years.

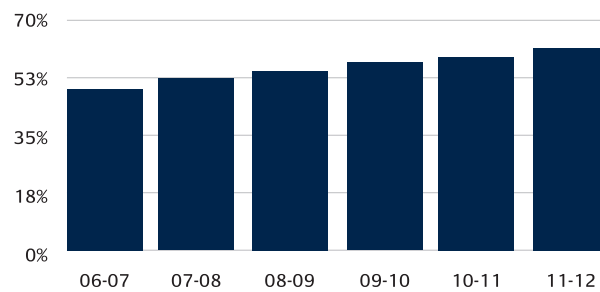
Student satisfaction in the NSS stood at 86% in 2012, up from 74% in 2006 and we have seen a further rise to 88% in 2013 from a record response rate of 79.6%. The University now sits in the top five for its assessment and feedback scores. NSS scores for learning resources increased significantly in 2012, following the refurbishment and upgrading of the Fountains Learning Centre the previous summer. This development project was instigated following disappointing NSS results in this category the previous year, further evidencing the University's commitment to collecting and using student feedback effectively.

Increasing percentages gained professional jobs, reflecting both the support the University provides to students as well the excellent results which they achieve. The proportion of students achieving a First or 2:1 degree classification has increased in each of the last five years and in 2011/12 stood at 61.5%.

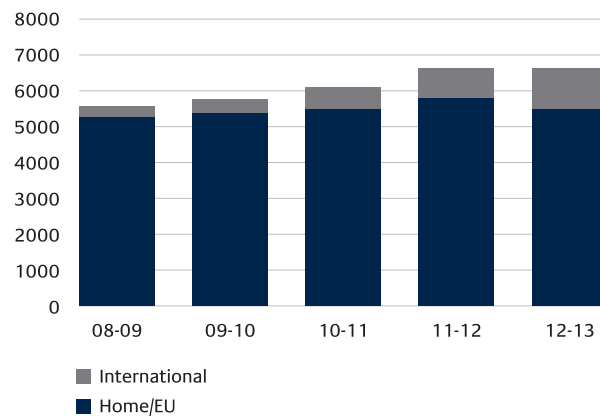
Average tariff points on entry



First and 2:1 Degree classifications



Student population





## Community

Relationships with key local, regional and national agencies continue to be developed to raise the University's profile. The Vice Chancellor is a member of the UCAS Board and is the Chair of Yorkshire Universities and Higher York.

The University has developed a comprehensive programme of graduate and undergraduate internships, which have delivered excellent outcomes for participants and received very positive feedback from employers. In the coming year, it will further embed employability and enterprise skills within the curriculum and improve the coordination of work-based learning experiences and relationships with employers through a new Directorate of Employability, Enterprise & Business Engagement.

Student feedback is increasingly used to enhance the student experience and demonstrates the University's commitment in this area. An example is the 'You said, we did' campaign. A Student Engagement Survey (SES) has been successfully implemented and is being used as a vehicle to discuss issues related to academic challenge, active learning and student-staff interactions within the learning experience. The SES results are informing course level enhancement activities.

A new Student Charter has been agreed and implemented. It clarifies the expectations of students, the University and the Students' Union and shows how all stakeholders can work together to succeed.

York St John pledges to provide a diverse, exceptional student experience. One way in which this is demonstrated is the increased uptake of study abroad opportunities. There has been a significant increase in outgoing student exchange numbers in 2012-13 (up from 48 to 110) and new opportunities are continually being developed.

Streamlining of Student Support Services throughout the year has led to greater efficiency and flexibility. Disability, Study Development and Dyslexia Support Teams have been brought together in the Learning Support Service, plus advice and guidance services have been integrated through the Student Advice Team.

Employability and enterprise skills are embedded in the University's programmes and include: professional placements; Careers Team input to modules; commercial relationships across all four faculties; and experiential and reflective approaches to work.

The number of students involved in a range of volunteering opportunities increased to over 300 in 2012/13. Over the coming year the University aims to achieve the *Investing in Volunteers* quality mark.



Staff and students are involved with York Cares, a partnership of the city's leading employers, which is committed to making York a better place through volunteering. York St John has been involved with regular volunteering programmes such as listening to primary school children read, one-off projects to transform community buildings and urban green spaces to visiting the elderly and collecting for homeless people at Christmas.

Converge, a unique collaboration between Leeds and York Partnership NHS Foundation Trust and York St John University, provides creative educational opportunities for people who use mental health services. It offers the opportunity for participants to learn and explore new ideas for self-expression and communication, aid recovery and work towards achieving their goals, whilst at the same time providing high quality, work-based experiences to York St John students. This project has been shortlisted in the THE award category 'Achieving Excellence & Innovation in the Arts.'

York St John University hosted and won its first home Varsity against Teesside University in October 2012, with a 21-8 scoreline. The event involved over 700 students competing in 14 different sports. York St John and Teesside have been competing in the North Yorkshire Varsity competition for over five years, but this was the first time it was staged in York thanks to the University's new sports facilities on Haxby Road. The University's new sports strategy, based around 'more people, playing more sports, more often' continues to be rolled out, and the investment in physical facilities allows it to begin to fulfil its 'wellbeing for all' agenda.

Staff indicators are overwhelmingly positive with 91% of staff saying the University is a good place to work and 90% feeling proud to work at York St John. These results rank the University fifth of the 33 institutions surveyed by CAPITA in 2011 and third of 16 institutions surveyed in 2012. Indicators suggest that York St John has an engaged and committed workforce.

In conjunction with the University, the Students' Union has:

- Developed a number of sporting initiatives, including the introduction of new clubs and societies, the delivery of skills training and signing the 'Out in Sport' pledge.
- Produced the first 'Guide To Living' for international students.
- Worked with Higher York to develop the York Student Community Partnership and Student Community Guide.
- Delivered online Programme Representative elections and a Programme Representative conference for 110 trained participants.
- Delivered several informative campaigns designed to improve students' wellbeing and experience including: Money Awareness; Safety Of Students; More Than Just A Bar; Housing; Library Practice; Be Part Of It; and Smoking Awareness.

The University has also increased its engagement with the Students' Union to communicate the work it is doing on environmental issues.



## Resilience

The University continues to invest in its estate, its infrastructure and staff in order to: achieve its growth strategy; enhance the learning and teaching facilities; and to deliver an exceptional student experience.

Capital investment in 2012/13 of £3.3m has developed a hub for University outdoor sport on the 57 acres of playing fields acquired in April 2012, refurbished the main reception facility to improve student experience and refurbished the student residences at the Grange. Further capital investment of up to £40m is planned including: the purchase of a new student residence, St John Central; development of new teaching and support facilities; asset replacement; and the enhancement and further development of sports facilities.

Significant revenue investment has been made in the current year with expenditure increasing by £3.4m and a further £4.4m investment planned for 2013/14. A £2.5m investment in staff has been approved to support growth in student numbers, improve existing student staff ratios and enhance learning and teaching and support departments.

York St John is committed to increasing the number of academic staff with PhDs to achieve a target of 39% of staff with PhDs by 2013/14.

The University's application for Research Degree Awarding Powers (RDAP) is progressing through the approval process. This, together with a growing research culture within the University, will significantly enhance research-informed teaching.

The University has taken a proactive approach to improving the quality of key data sets used for external returns. This holistic approach has enhanced the quality and integrity of the data enabling timely evidence-based decision making. Significant improvements have been made to existing systems and processes and investment has been provided in 2013/14 to support further developments.

The University has a policy to guarantee accommodation for all first year students. In order to support the continued growth in student recruitment and the demand for accommodation it has invested in 762 additional rooms in new student residence developments in the last three years with an additional 71 rooms through University Managed Houses. In addition there is a rolling investment programme to refurbish existing student residences to ensure all student accommodation is of a high quality.

York St John has improved its financial position in the current year with an increased operating profit of £1.3m and an increase in net assets of £5.8m. Cash reserves also increased by £1.4m to £12.7m. The outlook for 2013/14 is positive with student recruitment on target resulting in growth of around 500 students.

The University upholds its Health & Safety Policy and performance on Health & Safety indicators is regularly reviewed and reported to the University's Health & Safety Committee. With just one Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) reportable accident during the year, the University remains well above the sector average.

The University is committed to employee wellbeing and continues to run Wellbeing Days throughout the year and is recognised as a Healthy Campus/University. A new Wellbeing Team has been formed within Student Services which works with students and staff on all aspects of physical and mental wellbeing and health. Sickness absence rates for the University stand at an average loss of 5.7 days per employee per annum. This compares well to national figures of an average sickness level of 6.8 days per employee.



The University is making good progress towards compliance with all equality, diversity and human rights legislation. A new Equality & Diversity Advisor post was created this year to help consolidate existing good practice as well as develop new and positive approaches. The University has joined Stonewall and will be submitting to the Workplace Equality Index allowing the University to benchmark itself with other employers across the UK in terms of the working environment provided for lesbian, gay and bisexual (LGB) staff.

Expanded data collection and analysis and the extension of the equality champions' network are examples of good progress being made. A bespoke Equality & Diversity development session was held with Governors in July 2013 to ensure the Governing Body understands its legal obligations and promotes equality within and beyond the University.

The University has invested heavily in equality and diversity training for staff and approximately 80% of employees have attended a general equality workshop to date. 85% of managers have attended the managers' development sessions.

Indicators on BME staff and student recruitment and BME student achievement rates show that this is one of the key areas for improvement through the next academic year.



# Resources

## People

The University's HR Strategy is titled 'Success through People' in recognition that the continued success and growth of the University is dependent on the capacity, contribution and commitment of its employees. To achieve this it is vitally important that it attracts and retains well-qualified, high-performing and motivated staff. In 2012/13 the University increased its full-time equivalent (FTE) staff from 557 to 587. There has been significant investment in academic staffing to help move towards an average student-staff ratio of 20:1.

The national pay award for staff in 2012-13 was 1%. A high number of employees also benefitted from incremental rises in September 2012, representing a 1% increase in staff costs.

In December 2012, the University gifted employees with Marks & Spencer's vouchers in recognition of the outstanding progress made towards delivering the strategic plan.

As a socially responsible employer the University continues to be committed to paying the national Living Wage, which increased by 3.5% in November 2012 to £7.45 per hour.

The 2012 Staff Survey attracted a 72% response rate with employees saying that overall they felt very positive about their experience at the University; 91% said the University was a good place to work and 90% felt proud to work for York St John. There were significant improvements in a number of areas of the survey and all the responses to 21 of the 22 employee engagement questions were above the higher education sector norm. Other highlights were that 94% of staff felt the University delivered good quality service to students/ service users, 98% were satisfied with their level of awareness of diversity issues; and 86% could explain to someone who doesn't work for the University what it is trying to achieve (an increase from 71% in 2010).

In 2012-13 the University finalised its new employee contribution framework, 'Your University, Your Contribution', which defines the behaviours that are expected of staff to support the University in achieving its vision and strategy. This is a positive development for the University and seeks to reinforce its sense of community and the part everyone plays in ensuring its success.

York St John has continued to invest significantly in staff development to ensure its workforce has the skills needed to deliver its responsibilities. To further enhance the research culture, the University funds all PhD study undertaken by staff. Next year 26 staff will benefit from this approach. In addition current available data shows that 52% of academic staff are currently HEA Fellows.

The University's staff awards scheme, 'Celebrating Exceptional People', ran for the second time this year. As with last year, there were high levels of engagement with 21 nominations from staff and students across the University. Six individual and team awards were made at the celebration event in June where the long service (25 years) of three staff members was also recognised.



## Estate

York St John's enviable, beautifully landscaped 11 acre city centre location contributes significantly to the attainment of its strategic objectives and reputation.

The 2012/15 estate strategic objectives are to:

- Provide high quality buildings with leading edge technology to enhance learning;
- Provide safe, accessible and statutory compliant living, learning and recreational environments;
- Produce an estates master plan to inform future investment decisions;
- Expand the range of high quality, safe and statutory compliant University-owned residential accommodation;
- Enhance the environmental sustainability of the University's estate;
- Optimise use of space.

The continued high level of capital investment demonstrates an exceptional commitment to the provision of new and upgraded teaching, learning, residential and social facilities.

In the last two years, in addition to the completion of numerous revenue-funded projects, eleven major capital projects to the value of approximately £6m have been completed.

It is essential, in such challenging times, that investment decisions are well informed and timely. Master and operational planning is therefore informed by accurate data, sector intelligence, benchmarking information and customer audits/surveys. Capital and revenue investments must continue to offer exceptional value for money.

The 10-year indexed linked Long Term Maintenance (LTM) liability is currently being reviewed in order to ensure the production of a new prioritised annual programme of works and its associated revenue plan are in place by July 2014.

The recent Master Planning exercise for the Lord Mayor's Walk (LMW) campus identified potential for the development of a further 22,000m<sup>2</sup> on its northern side. This, combined with the opportunity to both increase the space management and utilisation performance year on year and the potential to procure adjacent properties, demonstrates the ability and agility to respond to any opportunity or threat.

The estate has increased in size by 165% over a period of 20 months due to the acquisition of the Haxby Road facility and completion of St John Central. The booking frequency for teaching space increased by 7.4% over the last academic year to 63%.

The performance of the estate based on the last annual national Estates Management Statistics states that the Grade 1 & 2 functional suitability of floor space was 97.10%.

The use of the Residential Supply & Demand forecast and close working with Admissions has been a resounding success. Overall occupancy levels for the year remained at a staggering 99%. The residential portfolio consists of 1849 bed spaces of which 61% are leased and managed by the University, with 39% University-owned.

Energy and Environmental Management and Performance remains very high on the agenda. Numerous projects and initiatives have been taken over the past year, in particular as a result of the ongoing investment programme. These include: boiler de-centralisation, server cooling, thermal management/ systems replacement and waste management. Electricity is sourced from 100% renewable contracts. Despite consistent and significant increases in fuel and energy prices and the increased number of buildings and activities over the previous five years, our energy costs and energy emissions have reduced. Under a new waste management contract, 100% recycling and 0% waste to landfill will be achieved.

# Financial Review

## Introduction

The 2012/13 financial year was the first year under the UK Government's new funding regime for Higher Education, with increased tuition fees and more competition and choice for students. It is therefore very pleasing to be able to report a financial out-turn that exceeded internal expectations and strengthened the asset base of the University. In the year, income grew by 10.5% to £49.2m, the operating surplus pre FRS17 grew by 78.7% to £3.1m, and after expenditure of £3.3m on tangible assets, the value of cash and short term deposits rose by £1.4m to £12.7m.



### Historical cost surplus



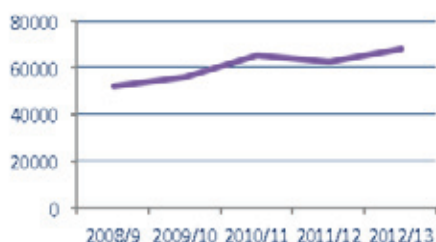
### Income



### Net cash from operating activities



### Net assets excluding pension liability



The University's professional approach to corporate planning and its current financial strength, when linked to the buoyancy of student recruitment, ensures the University is well placed to flourish in these challenging times.

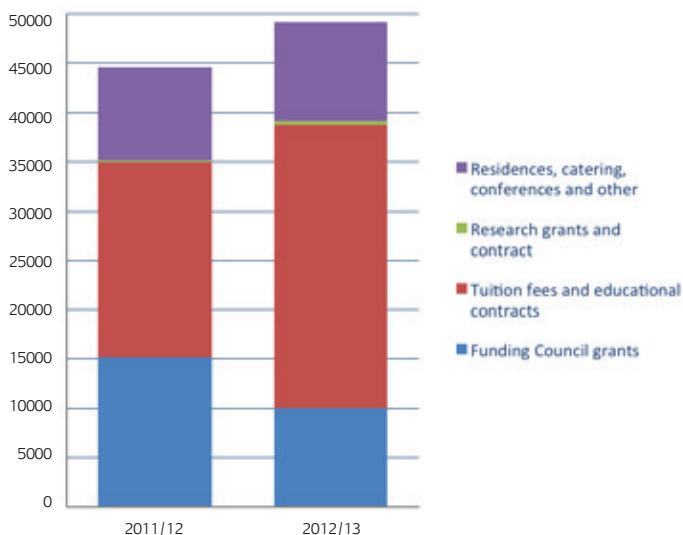
### Income

Total income grew by 10.5% to £49.2m. The University's main source of revenue (79%) is from teaching activity from which total revenues from Funding Council grants, tuition fees and education contracts grew by 10.7% to £38.7m. After having secured 235 additional student numbers through the core and margin bidding process, the University successfully recruited to this target and also grew income through enhancing retention rates. The University was also allocated and filled 27 additional teacher

education places from the National College for Teaching and Leadership, and recruited to stable targets in its contracts with the Strategic Health Authority. Revenues in the year from overseas students taught in the UK rose by 28% to £3.7m, reflecting the focus now being given to growth through the International Development Strategy.

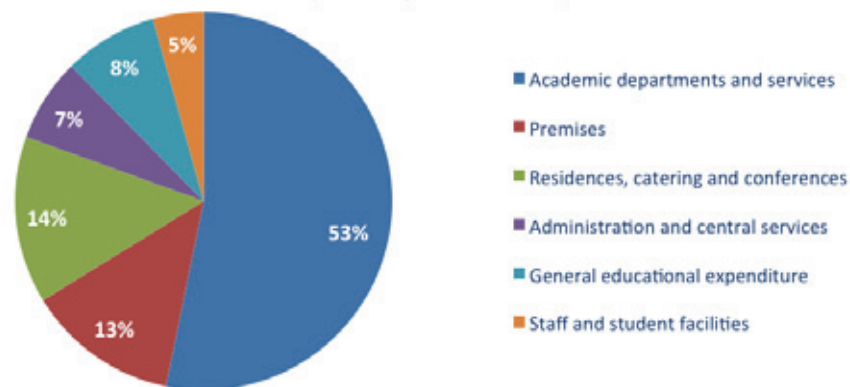
Through its Research Strategy the University is determined to develop a critical mass of sustainable research, so it is encouraging to report that income from research grants and contracts grew, albeit from a modest base, by 177% to £0.3m.

In order to support a growth in students from beyond its accommodation immediate geographical region, the University expanded its accommodation portfolio by increasing the number of houses rented from private landlords in York. This in turn resulted in income from residences, catering and conferences growing by 12% to £8.0m. The key income streams are summarised below:





Analysis of Expenditure 2012/13



## Expenditure

In the year, total expenditure increased by 7.8% to £46.8m. Staff costs increased by 7.1% from £24.0m to £25.7m and represented 52.2% of income (2010/11 53.9%). Additional academic staff were recruited in those departments where student numbers increased and as the University progressed its desire to lower the overall staff: student ratio. Overall expenditure on academic departments, academic services and on research increased by £1.0m to £24.9m. Expenditure on residences, catering and conferences increased in line with increased income to £6.7m, whilst the expenditure on administration and central services was held at last year's level of £3.3m.

The University committed to invest in overseas recruitment, support the Students' Union to deliver enhanced services and made additional provision for non-payment of student tuition and accommodation fees. These commitments led to expenditure in the year of a general educational nature and on staff and student facilities rising by £1.4m (31%) to £5.8m.

## Balance sheet

The balance sheet continues to strengthen. Tangible fixed assets increased by £0.7m in the year which reflected £3.3m of capital expenditure net of £2.6m depreciation. £0.9m was spent on revitalising and enhancing the 57 acres of playing fields acquired in

April 2012 to provide a hub for University outdoor sport, and £0.6m was spent on refurbishing the main reception facility in the Holgate Centre to enhance the student experience.

Liquid resources were well managed, resulting in cash balances and short term investments rising by £1.4m to £12.7m at the balance sheet date. The outcome of the annual re-assessment of the University's pension liability under FRS17 was favourable with the pension reserve reducing by £3.3m to £12.5m, of which £4.0m was recognised within the Statement of Total Recognised Gains and Losses and £0.7m was taken as a charge through the Income and Expenditure Account in the year.

## Outlook

The key objectives of the financial strategy are to:

1. Ensure the long term financial sustainability of the University.
2. Ensure funds are available to meet:  
  
Existing operational requirements;  
  
Agreed investment opportunities.
3. Undertake appropriate financial planning and risk management activities.
4. Ensure appropriate financial control and provide information that encourages financial autonomy and accountability.
5. Ensure compliance with the legal and statutory requirements detailed in the Hefce financial memorandum.
6. Ensure appropriate procurement procedures and monitor value for money.

The outcome for 2012/13 provides a sound base from which the University can continue to achieve these key objectives.

2013 / 14 has started well, with student recruitment on target, resulting in a year on year increase of around 500 students. This accounts for the majority of the planned in-year growth in income of £6.5m. The careful financial and business planning secured via the Annual Operating Planning round has resulted in additional revenue investment of £4.4m in support of the corporate strategies, with the University remaining on target to deliver an annual operating surplus in line with its strategic target of 7.5%.

The University is confident in its position and shortly after the balance sheet date, it secured new debt facilities of £22m via a term loan and a revolving credit facility with its bankers, Barclays. This has allowed it to purchase the newly opened residence St John Central and to plan with confidence the continued expansion and enhancement of its built estate to cater for expansion and provide cutting edge facilities that are attractive to staff and students.





# Statement on Corporate Governance and Internal Control

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

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

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

The powers and duties of the Board of Governors, 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; and
- 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 is the Chief Executive Officer of York St John University and has a general responsibility to the Board 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 formal Financial Memorandum between the University and Hefce, the Vice Chancellor is the accountable officer of the University. In that capacity he 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, HESA and other public bodies.



As Chief Executive Officer, the Vice Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments, and shaping of its ethos. The Vice Chancellor's Group and the Strategic Leadership Team all contribute to aspects of the work, but the ultimate responsibility for what is done rests with the Board of Governors.

In accordance with the Articles of Association, a Secretary to the Governing Body (and the Company) has been appointed. In that capacity, she provides independent advice on matters of governance to all members of the Board of Governors.

The Board of Governors, through its Governance and Nominations Committee, ensures that there is an appropriate balance of skills and experience amongst its members. The constitution of the Board 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. Board 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 Board of Governors holds three formal business meetings each year. In addition, it holds 'away days' to provide opportunities to discuss matters of strategic importance in greater depth. An annual joint meeting with the University's Academic Board provides an opportunity for engagement in greater depth on academic matters.

Much detailed work is handled through the following committees of the Governing Body:

- Audit;
- Finance and Capital Development;
- Foundation;
- Human Resources;
- Remuneration;
- Governance and Nominations.

These committees are formally constituted with terms of reference approved annually by the Governing Body. They are mainly comprised of independent and external members of the Board of Governors, one of whom is appointed as the Chair of each committee.

#### **Audit Committee**

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

#### **Finance and Capital Development Committee**

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

#### **Foundation Committee**

The Foundation Committee, in accordance with the University's Articles, is a forum with responsibility for leading and advising on issues of Christian ethos and the University's mission and ethics.

#### **Human Resources Committee**

The Human Resources Committee is responsible for supporting the strategic direction, performance measurement and service development of the human resource function within the University.

#### **Remuneration Committee**

The Remuneration Committee determines the remuneration of the University's most senior posts.

#### **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. During the 2012/13 year, the Committee developed a revised process for this which has been adopted by the Governing Body. Details of the University's approach are published on its website.



## Internal control

The University's Governing Body is responsible for the University's system of internal control and for reviewing its effectiveness alongside safeguarding the public and other 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 misstatement or loss.

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

- Clear definitions of authority delegated to the Vice Chancellor's Group and the Strategic Leadership Team including authority levels for the approval and control of expenditure;
- A robust annual planning process linked to faculty and departmental 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 Board;

- Regular monitoring of performance and risk indicators against the University's Strategic Plan across the University and in particular by the Strategic Leadership Team. Audit Committee and the Board itself also receive regular reports relating to performance and risk;
- Oversight of data returns through the Data and Systems Steering Group.

The Board of Governors has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2013 and up to the date of approval of the Directors' Report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. It is informed by the Internal Audit service 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 Internal Audit function 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 Board of Governors.

Audit Committee approves an annual Internal Audit plan and receives regular reports from Internal Audit which includes recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control, governance and risk management. Internal Audit provides an annual report to the Board of Governors, 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 2013 meeting, the Governing Body will carry out the annual assessment for the year ended 31 July 2013 by considering documentation from the Strategic Leadership Team and Internal Audit, and taking account of events since 31 July 2013.



# Responsibilities of the Board in the preparation of the Financial Statements

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and to enable it to ensure that the Financial Statements are prepared in accordance with the University's Articles of Association, the Companies Act 2006, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and other relevant accounting standards. Within the terms and conditions of a Financial Memorandum agreed with Hefce, the Governing Body is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University, and of the surplus or deficit and cash flows for that period. Governors are also trustees and the Financial Statements must meet requirements relating to the Charities Act 2011.

In preparing those Financial Statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that business will continue.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England (Hefce), the National College for Teaching and Leadership (NCTL), and the Strategic Health Authority (SHA) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with Hefce and any other conditions which Hefce, NCTL or SHA may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University, and to prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

The University will publish these Financial Statements on its website and takes responsibility for the integrity of that site.

## Going concern

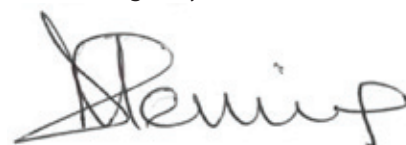
This document sets out the University's:

- business activities;
- the factors likely to affect its future development;
- financial position, including the liquidity position;
- objectives, policies and processes for managing its capital;
- its financial risk management objectives.

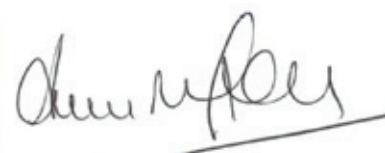
There are well established processes in place to plan for the future, monitor progress against targets and manage risks. As a consequence, the Directors believe the University is well placed to manage its business risks successfully.

The Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the Financial Statements.

On behalf of the Governing Body



**Professor David Fleming**  
Vice Chancellor  
25 November 2013



**Ann Green CBE**  
Chairman and Pro Chancellor  
25 November 2013



# Independent auditor's report to the Governing Body of York St John University

We have audited the Group and parent University financial statements of York St John University for the year ended 31 July 2013. The financial statements comprise the Consolidated Income and Expenditure Account, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body and to the company's members, in accordance with York St John University's Articles of Government and section 124B of the Education Reform Act 1988, and to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governing Body and to the company's members, 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 Governing Body, as a body, and the company's members for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Governing Body and auditor**

As explained more fully in the Statement of the Responsibilities set out on page 39, the Governing Body (and the

Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.





### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and parent University as at 31 July 2013 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

- have been prepared properly in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Companies Act 2006.

### Opinion on other matters prescribed in the Hefce Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the parent University for specific purposes have been properly applied to those purposes;
- funds provided by Hefce have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Hefce Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Statement on Corporate Governance and Internal Control is inconsistent with our knowledge of the University and group.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 Financial Statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.

*SR Clark*

**Stephen Clark**  
for and on behalf of KPMG LLP,  
Statutory Auditor

Chartered Accountants

1 The Embankment  
Neville Street  
Leeds, LS1 4DW

25th November 2013



# Financial Accounts 2012/13

## 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 the 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 (2007), applicable accounting standards, and Companies Act 2006 where appropriate. They conform to guidance published by the Higher Education Funding Council for England.

### Basis of accounting

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties.

### Basis of consolidation

The consolidated Financial Statements include the University and its subsidiary undertaking, York SJ Sdn.Bhd. and sub subsidiary Nusantara Canggih Solutions Sdn.Bhd. Intra-group sales and profits are eliminated fully on consolidation.

Details of the University's subsidiary undertakings are provided in Note 13 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

Funding Council block grants are accounted for in the period to which they relate. Fee income is stated gross and credited to

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

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

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

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

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

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

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

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

### Agency arrangements

Funds the University receives and disburses as 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.

### Leases

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

### Taxation

The University is 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) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 [ICTA] 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 income and expenditure account in the year the taxable profit arises.

### Fixed Assets

Land and buildings are included in the accounts at valuation. The assets are re-valued every five years, with an interim valuation after three years. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life, which varies between 20 and 100 years. The all weather pitch is depreciated over its expected useful life of 20 years, and portakabins are depreciated over 3 years.

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

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

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

- between 3 and 7 years for equipment;
- 10 years for fixtures & fittings.

Assets costing less than £5,000 are written off to the Income and Expenditure account in the year of acquisition. All other equipment is capitalised at cost.

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

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

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

### **Assets held for resale**

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

### **Investments**

Fixed asset investments that are listed on a recognised stock exchange are carried at market value. Fixed asset investments that are not listed on a recognised stock exchange are carried at historic cost less any provision for impairment in their value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

### **Stocks**

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

### **Cash flows and liquid resources**

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

### **Foreign currency translations**

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

### **Accounting for research and development**

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

### **Website development costs**

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

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

### **Accounting for charitable donations Unrestricted donations**

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

### **Endowment funds**

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

- 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;
- 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;
- 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.

### Donations for fixed assets

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

### Gifts in kind, including donated tangible fixed assets

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

### Pension Costs

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

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

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

### Enhanced pensions

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

### Provisions

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

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

### Contingent liabilities

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios:

- possible rather than a present obligation;
- a possible rather than a probable outflow of economic benefits;
- an inability to measure the economic outflow.

### Contingent assets

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

## Consolidated Income and Expenditure Account for the Year Ended 31st July 2013

	Note	2012/13 £ 000	2011/12 £ 000
<b>INCOME</b>			
Funding Council grants	1	10,046	15,185
Tuition fees and education contracts	2	28,703	19,803
Research grants and contracts	3	332	120
Other income	4	10,029	9,324
Endowment and investment income	5	68	80
<b>TOTAL INCOME</b>		<u>49,178</u>	<u>44,512</u>
<b>EXPENDITURE</b>			
Staff costs	6	25,676	23,979
Other operating expenses	8	17,401	15,813
Depreciation	12	2,617	2,401
Interest and other finance costs	9	1,097	1,221
<b>TOTAL EXPENDITURE</b>	10	<u>46,791</u>	<u>43,414</u>
Operating surplus after depreciation of assets		2,387	1,098
Loss on disposal of assets		-	(35)
Surplus after depreciation of assets at valuation, and disposal of assets, but before taxation		<u>2,387</u>	<u>1,063</u>
Taxation	11	(35)	(2)
Surplus after depreciation of assets at valuation, disposal of assets, and taxation		<u>2,352</u>	<u>1,061</u>
Surplus for the year transferred to accumulated income in endowment funds	20	84	135
Surplus for the year retained within general reserves	21	<u>2,436</u>	<u>1,196</u>

The consolidated income and expenditure account of the University and its subsidiary relates wholly to continuing operations. The subsidiary commenced trading in December 2011.

## Statement of Historical Cost Surpluses and Deficits for the Year Ended 31st July 2013

	Note	2012/13 £ 000	2011/12 £ 000
Surplus on continuing operations before taxation		2,387	1,063
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	209	209
Historical cost surplus before taxation		2,596	1,272
Taxation	11	(35)	(2)
Historical cost surplus after taxation		<u>2,561</u>	<u>1,270</u>

## Statement of Total Recognised Gains and Losses for the Year Ended 31st July 2013

	Note	2012/13 £ 000	2011/12 £ 000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and taxation		2,352	1,061
Unrealised surplus on revaluation of fixed assets		-	-
New endowments	20	23	103
Actuarial gain / (loss) in respect of pension scheme	29	4,010	(3,276)
Total recognised (loss) / gains relating to the year		<u>6,385</u>	<u>(2,112)</u>

## Reconciliation of Opening & Closing Reserves for the Year Ended 31st July 2013

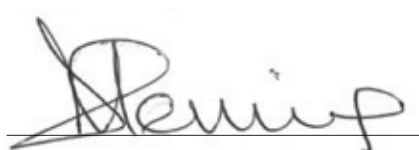
	Note	2012/13 £ 000	2011/12 £ 000
Opening reserves and endowments			
Endowments	20	392	424
Income & expenditure	21	25,196	27,067
Revaluation reserve	22	23,522	23,731
		<u>49,110</u>	<u>51,222</u>
Total recognised gains for the year		<u>6,385</u>	<u>(2,112)</u>
		<u>55,495</u>	<u>49,110</u>
Closing reserves and endowments			
Endowments	20	331	392
Income & expenditure	21	31,851	25,196
Revaluation reserve	22	23,313	23,522
		<u>55,495</u>	<u>49,110</u>



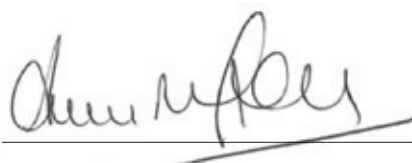
## Balance Sheet as at 31st July 2013

	Note	Group		University	
		2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
<b>Fixed assets</b>					
Tangible assets	12	82,405	81,738	82,405	81,738
Investments	13	-	-	-	-
		<u>82,405</u>	<u>81,738</u>	<u>82,405</u>	<u>81,738</u>
<b>Endowment assets</b>	14	331	392	331	392
<b>Current assets</b>					
Stocks		31	28	31	28
Debtors due within one year	15	3,684	3,427	3,684	3,480
Debtors due after more than one year	15	-	-	-	-
Investments - short term deposits		5,251	6,055	5,251	6,055
Cash at bank and in hand		7,498	5,254	7,454	5,138
		<u>16,464</u>	<u>14,764</u>	<u>16,420</u>	<u>14,701</u>
Creditors: amounts falling due within one year	16	(5,609)	(5,273)	(5,577)	(5,212)
<b>Net current assets</b>		<u>10,855</u>	<u>9,491</u>	<u>10,843</u>	<u>9,489</u>
<b>Total assets less current liabilities</b>		<u>93,591</u>	<u>91,621</u>	<u>93,579</u>	<u>91,619</u>
Creditors: amounts falling due after more than one year	17	(12,423)	(12,932)	(12,423)	(12,932)
Provisions for liabilities and charges	18	(770)	(811)	(770)	(811)
Net assets excluding pension liability		<u>80,398</u>	<u>77,878</u>	<u>80,386</u>	<u>77,876</u>
Net pension liability	29	(12,470)	(15,789)	(12,470)	(15,789)
<b>NET ASSETS</b>		<u>67,928</u>	<u>62,089</u>	<u>67,916</u>	<u>62,087</u>
<b>Deferred capital grants</b>	19	<u>12,433</u>	<u>12,979</u>	<u>12,433</u>	<u>12,979</u>
<b>Endowments</b>					
Restricted expendable	20	295	349	295	349
Restricted permanent	20	36	43	36	43
		<u>331</u>	<u>392</u>	<u>331</u>	<u>392</u>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	44,321	40,985	44,309	40,983
Pension reserve	29	(12,470)	(15,789)	(12,470)	(15,789)
Income and expenditure account including pension reserve	21	31,851	25,196	31,839	25,194
Revaluation reserve	22	23,313	23,522	23,313	23,522
		<u>55,164</u>	<u>48,718</u>	<u>55,152</u>	<u>48,716</u>
<b>TOTAL FUNDS</b>		<u>67,928</u>	<u>62,089</u>	<u>67,916</u>	<u>62,087</u>

The Financial Statements on pages 43 to 63 were approved by the Governors on 25 November 2013 and signed on their behalf by:



Professor David Fleming  
Vice Chancellor



Ann Green CBE  
Chairman of the Governing Body

## Cash Flow Statement for the Year Ended 31st July 2013

	Note	2012/13 £ 000	2011/12 £ 000
Net cash inflow from operating activities	24	5,693	4,051
Returns on investments and servicing of finance	25	(648)	(665)
Taxation	11	(20)	-
Capital expenditure and financial investment	26	(3,170)	(3,131)
Management of liquid resources		804	(1,160)
Financing	27	(470)	(317)
Increase/(decrease) in cash		<u>2,189</u>	<u>(1,222)</u>

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

	Note	2012/13 £ 000	2011/12 £ 000
Increase/(decrease) in cash in the year		2,189	(1,222)
Increase/(decrease) in short term deposits		(804)	1,160
Decrease/(increase) in debt	27	<u>470</u>	<u>317</u>
Decrease in net debt		1,855	255
Net funds/(debt) at 1st August	27	<u>(1,401)</u>	<u>(1,656)</u>
Net funds/(debt) at 31st July	27	<u>454</u>	<u>(1,401)</u>

## Notes to the Financial Statements

1	Funding Council grants	2012/13		2011/12	
		Hefce £ 000	NCTL £ 000	Total £ 000	Total £ 000
	Recurrent grant	7,262	1,673	8,935	13,473
	Specific grants	477	32	509	992
	Deferred capital grants:				
	Buildings (note 19)	225	-	225	249
	Equipment (note 19)	377	-	377	471
		<u>8,341</u>	<u>1,705</u>	<u>10,046</u>	<u>15,185</u>
2	Tuition fees and education contracts			2012/13 £ 000	2011/12 £ 000
	Home full-time students			19,766	12,059
	Overseas students			3,716	2,909
	Part-time students			827	731
	Short course fees			723	484
	Occupational therapy and physiotherapy students			3,671	3,620
				<u>28,703</u>	<u>19,803</u>
3	Research grants and contracts			2012/13 £ 000	2011/12 £ 000
	UK Research councils			35	14
	UK based charities			62	16
	Industry and commerce			5	2
	Governmental			87	13
	Other			143	75
				<u>332</u>	<u>120</u>
	The figures for 2011 / 12 have been re-analysed to improve comparability.				
4	Other income			2012/13 £ 000	2011/12 £ 000
	Residences, catering and conferences			8,047	7,196
	Releases from deferred capital grants, non Funding Council (note 19)			35	43
	Other income			1,947	2,085
				<u>10,029</u>	<u>9,324</u>
5	Endowment and investment income			2012/13 £ 000	2011/12 £ 000
	Income from expendable endowments			2	2
	Other interest received			66	78
				<u>68</u>	<u>80</u>
6	Staff costs			2012/13 £ 000	2011/12 £ 000
	Wages and salaries			21,091	19,670
	Social security			1,543	1,424
	Other pension costs (including FRS 17 adjustments, note 29)			3,042	2,885
				<u>25,676</u>	<u>23,979</u>

## 6 Staff costs (continued)

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

	2012/13 Number	2011/12 Number
Academic faculties	310	292
Academic services	72	46
Administration and central services	123	137
Premises	55	63
Residence and catering	27	19
	<u>587</u>	<u>557</u>

## 7 Higher paid employees

The emoluments of the Vice Chancellor during the year were:

	2012/13 £ 000	2011/12 £ 000
Salary	196	183
Other Benefits	8	-
Standard Rated employers pension costs	26	25
	<u>230</u>	<u>208</u>

No other director received any remuneration.

Remuneration (excluding pension contributions) of higher paid staff, excluding the Vice Chancellor (whose remuneration is disclosed above):

£100,000 - £110,000	2	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	-

## 8 Other operating expenses

Other operating expenses include:

External auditors remuneration in respect of audit services:

University	42	37
Subsidiary	8	6

External auditors remuneration in respect of non-audit services:

University	11	7
Subsidiary	1	3

Internal auditors

37 36

Operating lease rentals

Land and buildings	2,882	2,695
Other	96	86

## 9 Interest and other finance costs

	2012/13 £ 000	2011/12 £ 000
Loans repayable in the year	-	-
Repayable wholly or partly in more than five years	716	745
Net charge on pension scheme (note 29)	381	476
	<u>1,097</u>	<u>1,221</u>

10 Analysis of expenditure by activity	2012/13	2011/12
	£ 000	£ 000
Academic departments	20,291	20,145
Academic services	4,275	3,679
Premises	6,077	5,959
Residences, catering and conferences	6,699	5,786
Research grants and contracts	333	120
Administration and central services	3,333	3,310
General educational expenditure	3,752	2,664
Staff and student facilities	2,031	1,751
	<u>46,791</u>	<u>43,414</u>

#### 11 Taxation (Group only)

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

	2012/13	2011/12
	£ 000	£ 000
UK corporation tax	-	-
Overseas taxation	35	2
	<u>35</u>	<u>2</u>
Tax paid in the year	<u>20</u>	<u>-</u>

#### 12 Tangible fixed assets (University and Group)

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Computers	Equipment	Assets in the course of construction	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Valuation/Cost							
At 1st August 2012							
Valuation	77,649	-	-	-	-	-	77,649
Cost	2,018	39	2,292	2,374	2,765	229	9,717
Additions at cost	1,531	41	121	332	138	1,122	3,285
Transfers	208	-	-	21	-	(229)	-
Surplus on revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31st July 2013							
Valuation	77,649	-	-	-	-	-	77,649
Cost	3,756	80	2,413	2,727	2,903	1,122	13,001
	<u>81,405</u>	<u>80</u>	<u>2,413</u>	<u>2,727</u>	<u>2,903</u>	<u>1,122</u>	<u>90,650</u>

## 12 Tangible fixed assets (University and Group) (continued)

	Freehold land and buildings £ 000	Motor vehicles £ 000	Fixtures and fittings £ 000	Computers £ 000	Equipment £ 000	Assets in the course of construction £ 000	Total £ 000
Depreciation							
At 1st August 2012	1,419	39	1,287	1,233	1,650	-	5,628
Charge for Year	1,602	8	225	426	356	-	2,617
Disposals							-
Depreciation at 31st July 2013	3,021	47	1,512	1,659	2,006	-	8,245
Net book value							
At 31st July 2013	78,384	33	901	1,067	898	1,122	82,405
At 1st August 2012	78,248	-	1,005	1,141	1,115	229	81,738
Financed by:							
Capital grant	11,627	-	86	494	225	-	12,432
Other	66,757	33	815	573	673	1,122	69,973
Net book value at 31st July 2013	78,384	33	901	1,067	898	1,122	82,405

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

	2013 £ 000	2012 £ 000
Freehold buildings	952	208

Buildings were revalued on an existing use basis by an independent Chartered Surveyor, Nigel Taylor FRICS of Taylor York Commercial Limited on 16th July 2011, in accordance with the RICS Appraisal and Valuation Manual.

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

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

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

The next full valuation is due in July 2016, with an interim valuation in July 2014. The Governing Body is not aware of any material change in the value and therefore the valuations have not been updated.

The revalued buildings include notionally directly attributable acquisition costs of £8.3m (2012: £8.3m) relating to irrecoverable VAT. The historical cost of assets held at valuation is £67.7m (2012: £66.1m).

The exchequer interest in fixed assets is £7.4m (2012: £8.7m).

Since the balance sheet date the University has purchased a 999 year lease for a new student residence, St John Central for £14.5m. This has been financed through additional borrowing of £12m.

13 Investments	2013 £ 000	2012 £ 000
UK unlisted shares	-	-
UK fixed interest and equities at cost	-	-

The University has a wholly owned subsidiary 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.

York SJ Sdn.Bhd. owns all the share capital of Nusantara Canggih Solutions Sdn.Bhd. which operates in the People's Republic of China. There are 11,470 shares of 1 MYR each, which translates to an investment of £2,327.

<b>14 Endowment assets (University and Group)</b>		<b>2013</b>	<b>2012</b>
		<b>£ 000</b>	<b>£ 000</b>
Balance at 1st August 2012		392	424
New endowments invested		23	103
Increase / (decrease) in debtor balances held for endowment funds		(6)	7
Decrease) / increase in cash balances held for endowment funds		(78)	(142)
		<u>331</u>	<u>392</u>
Represented by:			
Cash		327	382
Debtors		<u>4</u>	<u>10</u>

<b>15 Debtors</b>	<b>Group</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Amounts falling due within one year:				
Debtors	2,655	2,161	2,655	2,161
Subsidiary Company: York SJ Sdn.Bhd.	-	-	-	53
Prepayments and accrued income	1,029	1,266	1,029	1,266
	<u>3,684</u>	<u>3,427</u>	<u>3,684</u>	<u>3,480</u>
Amounts falling due after one year:				
Prepayments and accrued income	-	-	-	-

<b>16 Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>University</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Unsecured loans	489	470	489	470
Trade creditors	1,888	1,490	1,888	1,490
Social security and other taxation payable	654	922	638	920
Accruals and deferred income	2,578	2,391	2,562	2,332
	<u>5,609</u>	<u>5,273</u>	<u>5,577</u>	<u>5,212</u>

<b>17 Creditors: amounts falling due after more than one year (University and Group)</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Unsecured loans:		
Amounts repayable in:		
1 to 2 years	449	489
2 to 5 years	1,227	1,250
More than 5 years	10,457	10,883
Deferred income	<u>290</u>	<u>310</u>
	<u>12,423</u>	<u>12,932</u>

Deferred income represents a lease premium being released over the life of the agreement. The 25 year loan of £13 million is at a fixed rate of 5.73%, and is unsecured.

18 Provisions for liabilities and charges (University and Group)	Enhanced pensions £ 000	Other Provisions £ 000	Total £ 000
At 1st August 2012	724	87	810
Movement of provision in the year		-	(40)
	(40)		
Balance at 31st July 2013	<u>684</u>	<u>87</u>	<u>770</u>

Other provisions represents the estimated cost of VAT under the capital goods scheme following the settlement of the library scheme with HM Revenue & Customs in 2008. This liability will be paid over the period to 2014.

19 Deferred capital grants (University and Group)	Buildings £ 000	*Equipment £ 000	Total £ 000
Balance at 1st August 2012	11,764	1,215	12,979
Received in year	91	-	91
Transferred to Income & Expenditure account	(228)	(409)	(637)
Balance at 31st July 2013	<u>11,627</u>	<u>806</u>	<u>12,433</u>
Capital grants were provided by:	£ 000	£ 000	£ 000
Higher Education Funding Council for England	11,531	745	12,276
National Health Service	-	61	61
Students' Union	96	-	96
	<u>11,627</u>	<u>806</u>	<u>12,433</u>

20 Endowments (University and Group)	Permanent £ 000	Expendable £ 000	2013 Total £ 000	2012 Total £ 000
<b>Restricted endowments</b>				
<b>Balances brought forward</b>				
Capital	35	257	292	221
Accumulated income	8	92	100	203
	<u>43</u>	<u>349</u>	<u>392</u>	<u>424</u>
New endowments	-	23	23	103
Investment income	-	2	2	2
Expenditure	(7)	(79)	(86)	(137)
<b>Balances carried forward</b>	<u>36</u>	<u>295</u>	<u>331</u>	<u>392</u>
Represented by				
Capital	35		314	292
Accumulated income	1	16	17	100
<b>Balances carried forward</b>	<u>36</u>	<u>295</u>	<u>331</u>	<u>392</u>

The University is in discussion with the Charity Commission to establish the extent of the permanent endowment relating to land and buildings. It is expected that this issue will be resolved over the course of the next year. At present it is not possible to estimate the expected outcome.

\*Equipment includes fixtures, fittings and computers



21 Income and expenditure account reserve	2013	2012	2013	2012
	Group £ 000	Group £ 000	University £ 000	University £ 000
Balances brought forward	25,196	27,068	25,194	27,068
Surplus for the year	2,436	1,195	2,426	1,193
Actuarial (loss) / gain in respect of pension scheme	4,010	(3,276)	4,010	(3,276)
Release from revaluation reserve	209	209	209	209
Balances carried forward	<u>31,851</u>	<u>25,196</u>	<u>31,839</u>	<u>25,194</u>
Balance represented by:				
Income and expenditure account	44,321	40,985	44,309	40,983
Pension reserve	<u>(12,470)</u>	<u>(15,789)</u>	<u>(12,470)</u>	<u>(15,789)</u>
	<u>31,851</u>	<u>25,196</u>	<u>31,839</u>	<u>25,194</u>
Surplus for the year is analysed as follows:				
University's surplus for the period	2,426	1,193		
Surplus retained by subsidiary	<u>10</u>	<u>2</u>		
	<u>2,436</u>	<u>1,195</u>		

22 Revaluation reserve (University and Group)	2013	2012
	£ 000	£ 000
Revaluations		
At 1st August 2012	23,522	23,731
Less: Contribution to depreciation for the year	<u>(209)</u>	<u>(209)</u>
At 31st July 2013	<u>23,313</u>	<u>23,522</u>

23 Capital commitments (University and Group)	2013	2012
	£ 000	£ 000
Commitments Contracted	<u>1,324</u>	<u>1,311</u>

Capital commitments include the 2nd phase of the refurbishment of residences and improvements to Holgate reception and the dining room.

24 Reconciliation of operating surplus to net cash flow from operating activities	2013	2012
	£ 000	£ 000
Surplus before tax on continuing operations after depreciation of assets at valuation or cost and disposal of assets	2,387	1,063
Depreciation	2,617	2,401
Deferred capital grants released	(637)	(763)
Endowment and investment income	(68)	(80)
Loss on disposal of assets	-	35
Interest payable	716	745
Pension costs less contributions payable (notes 6, 8, and 29)	691	550
Increase in stocks	(3)	-
Decrease / (increase) in debtors	(251)	346
Increase / (decrease) in creditors	281	(156)
Decrease in provisions	<u>(40)</u>	<u>(90)</u>
Net cash inflow from operating activities	<u>5,693</u>	<u>4,051</u>

<b>25 Returns on investments and servicing of finance</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Income from expendable endowments	2	2
Other interest received	66	78
Interest paid	(716)	(745)
	<u>(648)</u>	<u>(665)</u>

<b>26 Capital expenditure and financial investment</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Tangible assets acquired	(3,284)	(3,295)
Receipts from Sale of Assets and investments	-	5
New endowments received	23	103
Deferred capital grants received	91	56
Deferred capital grants transferred from creditors	-	-
	<u>(3,170)</u>	<u>(3,131)</u>

<b>27 Financing</b>	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Mortgages and loans</b>		
Balance at 1st August 2012	<u>13,092</u>	<u>13,409</u>
New loans	-	114
Capital repayments	(470)	(431)
	<u>(470)</u>	<u>(317)</u>
Balance at 31st July 2013	<u>12,622</u>	<u>13,092</u>

	At 1st August 2012	Cash flow	Other changes	At 31st July 2013
	£ 000	£ 000	£ 000	£ 000
Endowment cash	382	(55)	-	327
Cash at bank and in hand	5,254	2,244	-	7,498
Short term deposits	6,055	(804)	-	5,251
Debt due within one year	(470)	470	(489)	(489)
Debt due after one year	(12,622)	-	489	(12,133)
	<u>(1,401)</u>	<u>1,855</u>	<u>-</u>	<u>454</u>

## 28 Operating lease commitments

Commitments on operating leases can be analysed as follows:

	2013			2012		
	Buildings	Equipment	Total	Buildings	Equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Commitments expiring:						
Within one year	-	34	34	-	-	-
2-5 years	-	-	-	-	5	5
After 5 years	2,882	-	2,882	2,695	-	2,695
	<u>2,882</u>	<u>34</u>	<u>2,916</u>	<u>2,695</u>	<u>5</u>	<u>2,700</u>

## 29 Pensions

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

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

- 14.1% for academic staff
- 16.6% for non academic staff

	2013	2012
	£ 000	£ 000
Total pension costs included in staff costs for the year	1,392	1,329
Teachers Pension Scheme: contributions paid	8	8
Church of England Pension Scheme: contributions paid	1,893	1,509
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account (note 29 a iii)	(251)	39
Enhanced pension charged to the Income & Expenditure account	<u>3,042</u>	<u>2,885</u>

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

### 29a North Yorkshire County Council Superannuation Fund: non academic staff

#### i) The 2011 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 2011 valuation was based on the following assumptions:

	Per annum 2011	Per annum 2007
Investment returns pre retirement	7.0%	6.4%
Investment returns post retirement	5.50%	4.90%
Rate of salary increase	4.75%	4.85%
Rate of increase of present and future pensions	3.00%	3.10%

The actuarial valuation showed the market value of the scheme's assets was £1,344.6 million (2007: £1,235.7 million) and that the actuarial value of these assets represented 67.1% (2007: 67.8%) of the past service benefits that has accrued to members after allowing for expected increases in earnings.

#### ii) FRS 17 valuation as at 31st July 2013

Under the definitions set out in FRS 17, the North Yorkshire County Council Scheme is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of the fund's assets and liabilities for non-academic staff as at 31st July 2013.

It is based upon a full actuarial valuation of the Fund at 31 March 2010 updated to 31st July 2013 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31st July 2013.

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

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)

The actuarial assumptions made for this valuation were:

		Start of the year	End of the year
Rate of inflation		2.10%	2.40%
Rate of increases in salaries		3.85%	4.15%
Rate of increases in pensions		2.10%	2.40%
Discount rate		4.30%	4.50%
Retired today (aged 65)	Males	22.5	22.6
	Females	25.2	25.3
Retiring in 20 years (aged 65)	Males	24.3	24.4
	Females	27.2	27.2

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

	Long-term rate of return at 31st July 2013	Value at 31st July 2013	Long-term rate of return at 31st July 2012	Value at 31st July 2012	Long-term rate of return at 31st July 2011	Value at 31st July 2011
		£000		£000		£000
Equities	7.00%	20,414	7.00%	17,106	7.00%	17,635
Government Bonds	3.30%	2,863	2.50%	2,983	3.90%	2,656
Other Bonds	4.30%	3,517	3.40%	3,176	4.90%	2,819
Cash	0.50%	654	0.50%	217	0.50%	186
Property	5.70%	1,089	6.00%	577	6.00%	-
Other	7.00%	2,583	7.00%	-	7.50%	-
Total Market Value of assets		<u>31,120</u>		<u>24,059</u>		<u>23,296</u>
Liabilities		<u>(43,590)</u>		<u>(39,848)</u>		<u>(35,259)</u>
Deficit		<u>(12,470)</u>		<u>(15,789)</u>		<u>(11,963)</u>

The market value of total fund assets at 31st July 2013 was £1,933 millions (£1,518 millions as at 30th June 2012).

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)

iii) The results of the FRS 17 valuation at 31st July 2013, included in the Financial Statements

Charge to Income & Expenditure account

	2013	2012
	£ 000	£ 000
Current Service cost	1,511	1,262
Curtailment cost	325	27
	<u>1,836</u>	<u>1,289</u>
Provision for pension cost of restructuring	57	220
Staff costs	<u>1,893</u>	<u>1,509</u>
Pension finance income / (costs):		
Expected return on pension scheme assets	(1,352)	(1,414)
Interest on pension liabilities	<u>1,733</u>	<u>1,890</u>
Interest payable	<u>381</u>	<u>476</u>

Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2013	2012
	£ 000	£ 000
Actuarial losses / (gains) on pension scheme assets	(4,792)	1,414
Actuarial losses on pension scheme liabilities	782	1,862
Actuarial losses / (gains) recognised in STRGL	<u>(4,010)</u>	<u>3,276</u>

Movement in deficit during the year

	2013	2012
	£ 000	£ 000
Deficit in the scheme at 1st August 2012	15,789	11,963
Current service cost	1,511	1,262
Employer contributions	(1,526)	(1,215)
Curtailment costs	325	27
Net interest / return on assets	381	476
Actuarial loss / (gain)	<u>(4,010)</u>	<u>3,276</u>
Deficit in the scheme at 31st July 2013	<u>12,470</u>	<u>15,789</u>

Analysis of the movement in the present value of the scheme liabilities

	£ 000	£ 000
At beginning of the year	39,848	35,259
Current service cost	1,511	1,262
Interest cost	1,733	1,890
Contributions by scheme participants	496	456
Actuarial gains and losses	782	1,862
Benefits paid	(1,105)	(908)
Curtailements	325	27
At end of the year	<u>43,590</u>	<u>39,848</u>

29a North Yorkshire County Council Superannuation Fund: non academic staff (continued)

	2013	2012
	£ 000	£ 000
<b>Analysis of movement in the market value of the scheme assets</b>		
At beginning of the year	24,059	23,296
Expected rate of return on scheme assets	1,352	1,414
Actuarial gains and losses	4,792	(1,414)
Contribution by the employer	1,526	1,215
Contributions by scheme participants	496	456
Benefits paid	(1,105)	(908)
At end of the year	<u>31,120</u>	<u>24,059</u>

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

	2013	2012	2011	2010	2009
Difference between the expected and actual return on assets:	(4,792)	1,414	(2,353)	(1,805)	4,403
Percentage of scheme assets	(15.40%)	5.88%	(10.10%)	(9.53%)	26.02%
Experience gains and losses arising on the scheme liabilities	-	-	754	-	-
Percentage of scheme liabilities	0.00%	0.00%	2.10%	0.00%	0.00%
Total amount recognised in STRGL	(4,010)	3,276	(416)	(2,197)	1,274
Percentage of scheme liabilities	(9.20%)	8.22%	(1.18%)	(7.16%)	4.46%

29b The Teachers' Pension Scheme

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

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

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

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

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

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

- First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service.
- Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

## 29b The Teachers' Pension Scheme (continued)

The GA's report in the Annual Accounts of the Teachers' Pension Scheme for 2012-13 is based on an assessment as at 31st March 2011, with an approximate updating to 31st March 2013 to reflect known changes. The total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £192,400 million at 31st March 2011 and £224,900 million at 31st March 2013. The assumed real rate of return is 2.35% in excess of prices and 1.7% in excess of earnings. The rate of real earnings growth is assumed to be 3.95%.

### 30a Access grants

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

	2012/13 £ 000	2011/12 £ 000
Income received	86	94
Interest added	-	-
	86	94
Disbursements	92	93

### 30b NCTL training bursaries

The University administers Training Bursaries on behalf of the National College for Teaching & Leadership (NCTL).

	2012/13 £ 000	2011/12 £ 000
Income received	1,082	217
Disbursements	758	217

## 31 Related party transactions

The University made a grant to the York St John Students' Union of £350,000 (2012: £241,066).

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

	Debtor / (Creditor) at 31st July		Income		Expenditure	
	2013 £	2012 £	2012/13 £	2011/12 £	2012/13 £	2011/12 £
University of Leeds	-	-	-	-	27,351	26,448
Science City York	-	-	-	-	100,900	91,667
Diocese of York	-	-	-	-	27,404	19,353
UCAS	-	-	-	-	103,947	67,457
Yorkshire Universities	-	-	-	-	11,310	-
City of York Council	(46,971)	(55,054)	37,416	-	131,394	174,610
York Museums Trust	-	-	-	-	16,433	-

