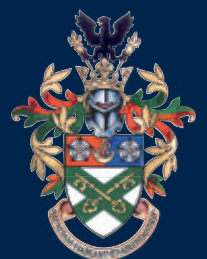


Financial Report

2015-2016





They may have life and
have it more abundantly

Ut Vitam Habeant et Abundantius





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Foreword from the Chairman and Pro Chancellor



Ann M Green CBE
Chairman and Pro Chancellor

As York St John brings the curtain down on its 175th anniversary year, it is with a renewed sense of confidence that my fellow Governors and I look ahead to the future of a University that not only has a deep understanding of its past, and the values that have sustained it, but one that also has a clear vision of where it is going in the future.

We actually celebrated two significant anniversaries in the past year – the 175th anniversary of our founding as an Anglican teacher training college in 1841, and the 10th anniversary of York St John as a University. It was wonderful to share these landmark occasions not only with staff and students during the year, but also with a diverse range of external guests from the wider York community, including our civic and business partners and associates. It was also pleasing to see so many former students return to campus for our Alumni Open Day.

Last year's graduations, of course, preceded the start of our anniversary year, and the Conferment Ceremony amid the historic setting of York Minster was not only a joyful and uplifting occasion, but a vivid reminder of York St John's rich history, stretching back nearly 200 years. The 2015 Ceremony was particularly significant, and poignant, as it included the formal Installation of our new Vice Chancellor, Professor Karen Stanton, who joined us last September.

Professor Stanton took up her new role at a pivotal point in the University's history: the celebration of our two landmark anniversaries coincided with the launch of our 2015-20 Strategic Plan which she was immediately tasked with implementing. The Minster was indeed, therefore, an appropriate place for such a 'baptism of fire', but I'm delighted to say that our new Vice Chancellor has risen magnificently to the challenge.

During her first year, Professor Stanton has overseen a major re-organisation and restructuring of the University. The previous structure of four Faculties was replaced with nine Academic Schools from the start of the new academic year. At the same time, a significant number of new programmes were introduced which have already helped us achieve record student recruitment numbers for 2016-17.



The new structure was introduced after a period of extensive consultation and has involved personnel changes and an internal reorganisation of office and other space within the University. There has also been considerable refurbishment and new building work going on throughout the campus, including the construction of the new Students' Union at a cost of £2.9 million, the £1 million extension of Dining Room facilities and a further investment of £1.6 million in teaching and IT facilities.

with our future plans, we somehow found the time to look back and celebrate our double anniversary year with a number of special events. These included the Foundation Day for staff and our 175 Dinner for invited friends of the University. Both events were held in May, the month the University was founded, and it was delightful to reflect on and share the magnificent achievements of York St John since its modest beginnings almost two centuries ago.

Our highly professional staff have coped superbly with the programme of change while carrying on the day-to-day business of the University. Underpinning this evolutionary process, of course, are the four pillars of York St John's Strategic Plan – Quality, Community, Growth and Resilience. The plan was developed jointly by the Governing Body, the University's Senior Leadership Team, and included substantial input from staff across the University.

As Chairman of the Governing Body, I am fortunate to lead a team of dedicated, enthusiastic Governors and I thank them hugely for their contribution to the University's progress. It continues to be a great privilege to oversee the work of the Vice Chancellor and her team at York St John as the University confidently strides forward into its next century, increasingly well prepared for the challenges and opportunities that lie ahead.

.....
I have previously described the Strategic Plan's creation as an excellent example of partnership working, and I am delighted that this partnership approach was again so evident in delivering the first major element of our long-term vision for York St John.
.....

Major change, of course, requires major investment. Despite this, our financial performance in 2015-16 was stable and strong, enabling us to return a surplus, before exceptional costs, which was broadly in line with the previous year. As you will read elsewhere in the Financial Statements, a number of measures have also been introduced in the past year to help us maintain York St John's proud record of financial stability and growth, and these are already helping us to improve further our efficiency and effectiveness. Meanwhile, in the midst of forging ahead

Ann M Green CBE
Chairman and Pro Chancellor
24 November 2016

Welcome from the Vice Chancellor



Professor Karen Stanton
Vice Chancellor

Welcome from the Vice Chancellor

Having recently completed my first year as York St John's Vice Chancellor, it gives me great pleasure to present the University's Financial Statements for 2015-16. This past year represents a significant milestone in our history during which we celebrated the 175th anniversary of our founding and our 10th year as a University.

Both anniversaries have given us the opportunity not only to celebrate and reflect on our illustrious past, but to implement our ambitious plans for the future. Robust financial planning and careful stewardship of resources will be essential to that process.

This year's Financial Statements are presented in a new format, separate from our Annual Report which is now available as a complementary publication. The Financial Statements also include a full explanatory narrative which I am sure you will find informative and helpful when read in conjunction with the financial data. However, the key message in both publications is clear: York St John continues to make impressive progress as one of England's most successful modern universities.

In my inaugural lecture as Vice Chancellor at the beginning of our anniversary year, I spoke about the historic strengths, values and outstanding achievements of York St John and how we could draw on these to help us face the significant sectoral, economic and political challenges that lie ahead.

In common with other universities, the challenges we face include Britain's exit from the European Union and the Government's Higher Education and Research Bill. The former will impact on student recruitment and research funding; while the latter will lead to a more competitive, entrepreneurial HE market with a potential growth in 'alternative' education providers.

However, we believe our 2020 Strategy – underpinned by the four strong themes of Quality, Community, Growth and Resilience – will enable us to ensure the success and sustainability of the University even in these uncertain times.



Indeed, a process of progressive and constructive change is already under way. After an extensive consultation period, proposals for restructuring the University were agreed and have now been implemented. Nine Academic Schools replaced the previous four Faculties from the beginning of the new academic year, and a considerable number of new programmes were introduced which has helped boost our recruitment by a record number of more than 2000 students for 2016-17.

The restructure has, of course, been a demanding process for everyone, with personnel changes and some internal reorganisation involving academic, professional services and student accommodation and facilities. However, I have been heartened and encouraged by how staff have risen to the challenge.

The Ways of Working project introduced earlier in the year has already led to the better deployment and more effective use of resources. Together with the introduction of the LEAN efficiency concept and our Value for Money (VfM) Strategy, the measures we have taken will promote greater economy, efficiency and effectiveness throughout the University.

Meanwhile, our National Student Satisfaction (NSS) rates showed significant improvement across a number of areas, including in Languages & Linguistics, Education, Humanities, Religion & Philosophy and York Business School. We are also confident that we will increase our overall rating of 83% next year following the introduction of extensive improvements in student support and facilities, including a new £2.9 million Students' Union building and the completion of our sports facilities at Haxby Road at a cost of £8.5 million.

.....
Our investment in reshaping the University must be factored into our financial performance for 2015-16. Although this remains strong, with a surplus of £4.7 million (8% of income), this is reduced to £0.4 million (0.7%) after allowing for one-off, fundamental restructuring costs including an enhanced voluntary severance scheme and associated pension costs. The overall process, however, will lead to annual savings of £1.8 million.
.....

Having the right systems and processes in place is hugely important, but our most valuable resource will always be our people: from our outstanding academics to our creative and enthusiastic students and our dedicated professional support staff. They are an exceptional community – one university, one team – united behind the common cause of York St John's continued success.

Their commitment, combined with the vision and guidance of the University's Governing Body, has helped us complete another productive and fruitful year and with our new structure successfully in place, we can look forward to the future with confidence.

Professor Karen Stanton
Vice Chancellor
24 November 2016



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 ¹	01/09/2012	31/07/2018
2 Diocesan Nominees	Rt Revd James Bell	01/09/2009	31/07/2018
	Revd John Hadjioannou	01/09/2009	31/07/2018
2 Members of the Church of England or a church in communion with it	Ann M Green CBE ²	11/07/2011	31/07/2017
	Ian Wallace	01/08/2013	31/07/2019
1 nominee from the National Society Council	Dr Ann Lees ³	01/10/2008	31/07/2017
Vice Chancellor, ex officio	Prof David Fleming	01/06/2010	31/08/2015
	Prof Karen Stanton	01/09/2015	
Staff Governor (elected)	Dr Robert Edgar	01/08/2015	31/07/2018
President of Students' Union, ex officio	Nathaniel Abakah-Phillips	01/07/2015	30/06/2016
	Laurie Illingworth	01/07/2016	30/06/2017
Up to 8 Co-opted Governors	Richard France ⁴	19/11/2012	31/07/2018
	Stephen Milner ⁵	19/11/2012	31/07/2018
	Jon Hammond Booth	01/08/2013	31/07/2019
	Maggie Pavlou	01/09/2013	31/07/2019
	Cath Clelland MBE	01/08/2014	31/07/2017
	Russell Davidson	01/08/2014	31/07/2017
	Baroness Haleh Afshar	20/11/2014	21/06/2016
	Prof Graham Henderson CBE DL	01/01/2016	31/07/2018

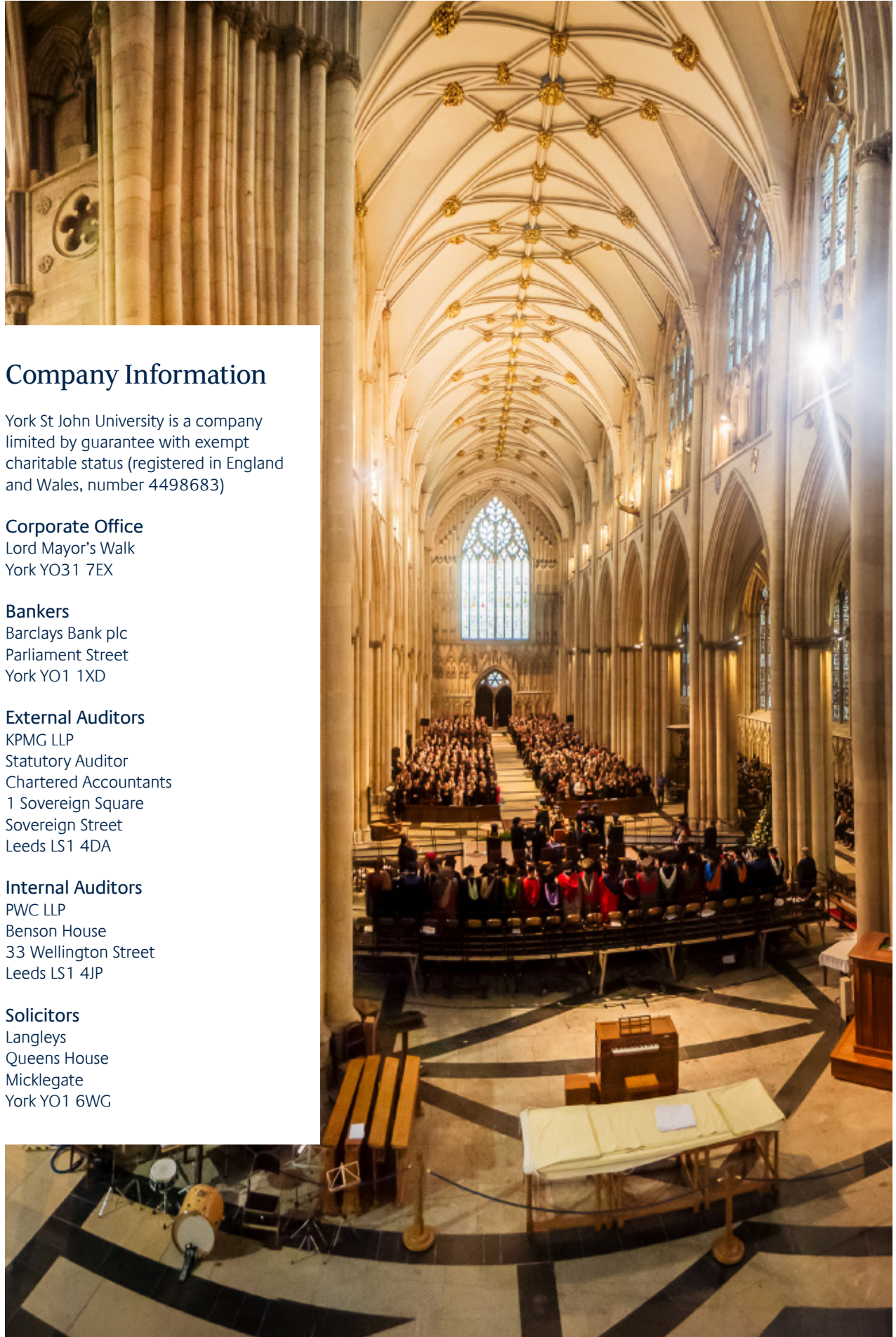
¹ Chair of the Foundation Committee

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

³ Chair of the Human Resources Committee

⁴ Chair of the Finance and Capital Development Committee

⁵ Chair of Audit Committee and Deputy Chairman



Company Information

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

Corporate Office

Lord Mayor's Walk
York YO31 7EX

Bankers

Barclays Bank plc
Parliament Street
York YO1 1XD

External Auditors

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

Internal Auditors

PWC LLP
Benson House
33 Wellington Street
Leeds LS1 4JP

Solicitors

Langleys
Queens House
Micklegate
York YO1 6WG

The University

York St John is a diverse community of 6,463 students from over 100 countries and 783 staff, and this year we celebrated two important anniversaries: as an institution we are 175 years old, and as a university we also marked our first 10 years.

York St John was originally formed as two Anglican teacher training colleges, founded in 1841 for men, and in 1846 for women. The commitments made at the University's founding – to social justice, to respect for the individual, and to promoting the public good through work with communities and individuals – remain at its heart today.

Our distinguished past has allowed us to draw upon the maturity and strength of our founding institutions and evolve naturally into one of the UK's most successful modern universities.

We continue to embark on an ambitious strategy to raise further the presence and profile of the University as a leading institution locally, nationally and internationally. Our success is based not only on the quality of our academic teaching, but also on the quality of our campus environment; our approach to professional and pastoral support; and our values, many of which have remained unchanged since our formation. Together, these elements have combined to develop and maintain a reputation for excellence forged across our 175-year history and will continue to shape our future as we move forward.

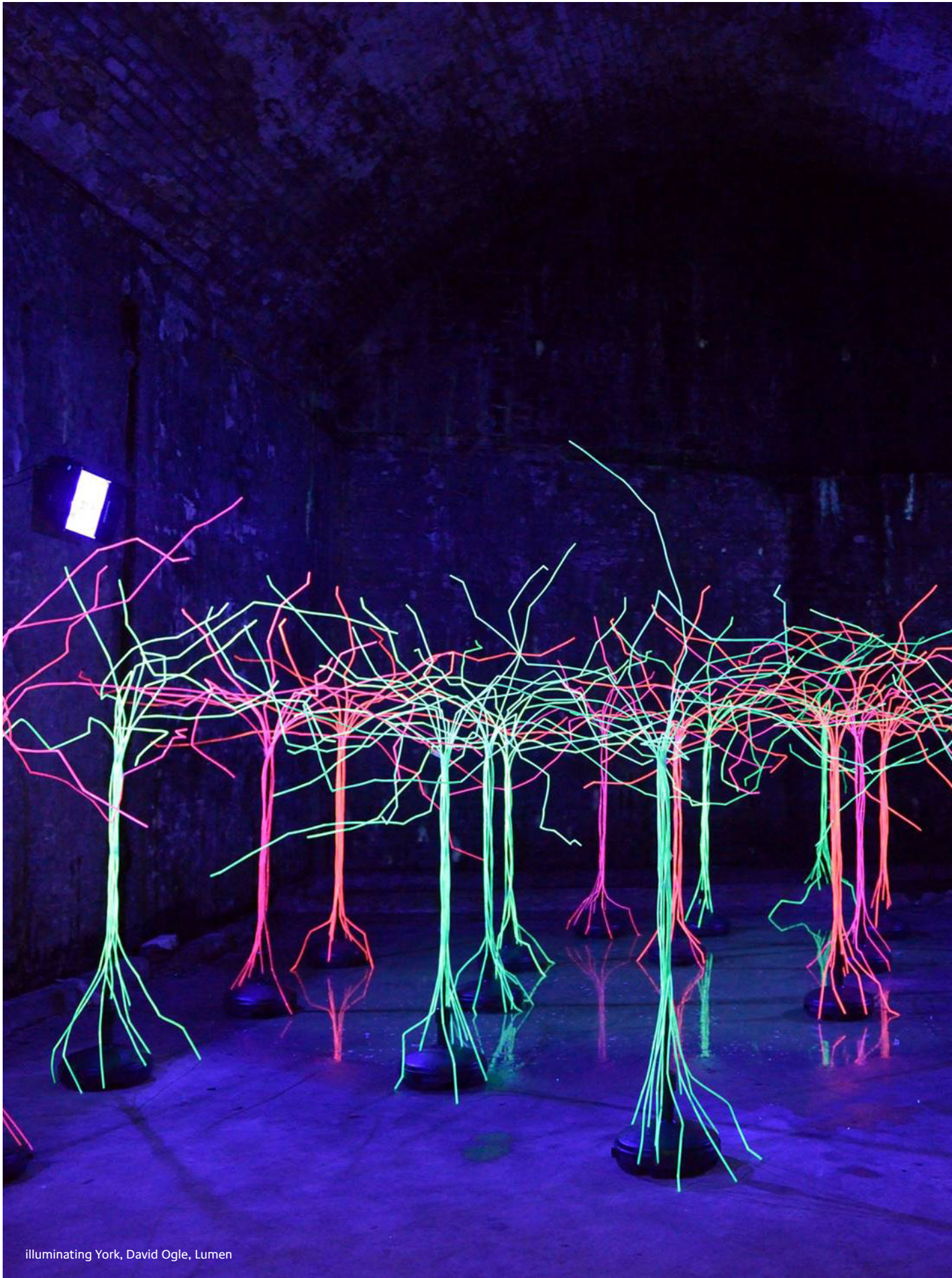
As outlined in its 2015-20 Strategic Plan, York St John is an inclusive, innovative, transformative and ambitious university with a strong sense of belonging. The University remains committed to the provision of excellent, open and progressive Higher Education and aims to inspire its students and staff to reach their full potential and make a positive contribution to the world. For some time the University has been noted for its excellent student experience and the 2016 National Student Survey (NSS) reported an 83% student satisfaction rate at York St John. Our priority at York St John University is to continue to identify new ways to enhance the student experience and provide students with the best possible learning environment. It is also important

to note that we have continued to achieve excellent results within the survey across a number of our subjects including Languages & Linguistics, Education, Humanities, Religion & Philosophy and York Business School. We have an outstanding relationship with the Students' Union and we will continue to invest in the student experience with a new Students' Union building opening in October.

We also continue to demonstrate an excellent record of student employability; the most recent Destinations of Leavers of Higher Education (DLHE) Survey results reports 95.7% of students in employment or further study within six months of leaving the University.

The University contributes more than £60 million to the local economy every year and according to independent analysis it helped to create 1,100 jobs in the city. In the last five years the University has invested over £30m in its estate to:

- develop and enhance teaching facilities at the Lord Mayor's Walk campus
- develop new specialist biomedical science laboratories
- improve, expand and enhance IT and library facilities
- the completion of 256 en-suite bedroom student accommodation at St John Central
- the purchase and £8.9 million development of the state-of-the-art sports facilities at Haxby Road Sports Park

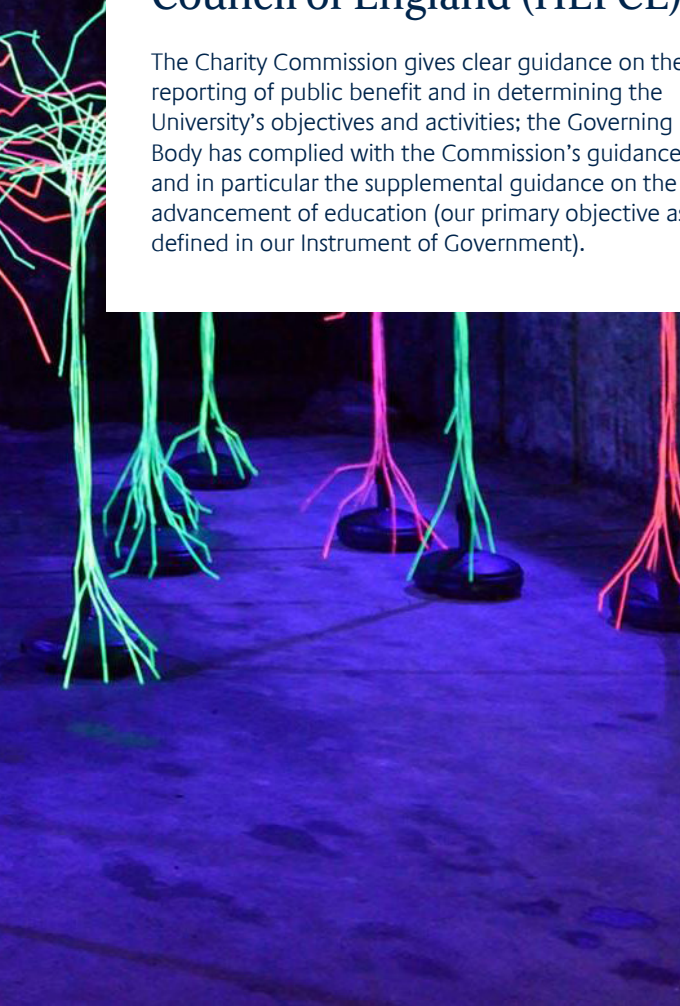


illuminating York, David Ogle, Lumen



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

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



Charity status and public benefit

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

Our student intake in September 2015 included 1,539 undergraduate and 190 full-time PGCE students eligible for full state support. A significant proportion of our intake comes from students from less-advantaged backgrounds, evidenced by the most recent widening participation data which shows that entrants from the lowest socio-economic groups constituted 37.3% of our student body. Our commitment to widening access means we also invest significant sums in supporting students. All prospective students are made aware of the availability of financial support and in 2015-16 we provided £3.9 million in financial support for students. The University remains, proportionately, one of the largest spenders on student support in the Higher Education sector.

In 2015-16, the University continued to invest in its campus and the student experience as part of its strategic aim of developing a 'sport and wellbeing for all' agenda. The final phase of development of our facilities on Haxby Road in York was completed in October 2016. These facilities are available to students and staff and in addition are used by our wider community, including professional sports clubs.

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

In support of the charitable work of the University we received donations to the value of £23,000 in 2015-16 from alumni, to whom we are incredibly grateful.

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

Strategic Report



York St John University strives to inspire its students and staff to reach their full potential, advance knowledge and make a positive contribution to the world.

The Higher Education sector faces considerable challenges in a rapidly changing economic and legislative environment. Our Strategic Plan has four key themes – Quality, Community, Growth and Resilience – underpinned by key objectives which, when achieved, will ensure the future success of the University in this challenging environment.

Growth

Student recruitment in both UK and overseas markets continued to be difficult. The changing legislative landscape, including the removal of the student number control limits, has led to a more aggressive marketplace, with the University competing with larger institutions with commensurately more resources.

In 2015-2016, recruitment of Home EU students was challenging with a drop in applications and acceptances. However, in a rapidly evolving and increasingly competitive market, the University responded well and focused on providing an attractive and relevant portfolio of courses. Developments in 2015-16 introduced new subject areas including Criminology, Psychology and Counselling, Computing, Games Design, Animation, Illustration and Photography. This portfolio development has had a positive effect on September 2016 entry. At the end of the main 2016 UCAS recruitment cycle applications had increased by 11% and the University was on course for its best ever recruitment cycle. This turnaround is down to a number of factors: a stronger portfolio, more active marketing campaigns and more efficient admissions practices.

New academic portfolio developments for 2017-18 include Politics, Policing Studies, the expansion of courses relating to Biomedical Science, a new Business Management suite, a Foundation Year in Liberal Arts and continued expansion of our Geography suite.

International student recruitment for 2015 entry was also challenging. We recruited 245 international students in September 2015, down 16% on the previous year. As for many other institutions in the sector, recruitment in 2016 has continued to be difficult, especially from the EU following the EU referendum. The University has had a notable success with the launch of a combined three-year degree programme with students also being part of a soccer academy run at the University by our partner i2i. The initial marketing has been targeted towards the USA but home students have also been recruited.

Quality

The University continually strives to improve the quality of learning and teaching, research, student experience and graduate outcomes. 2015-16 was a successful year with improvements in continuation rates and graduate outcomes. York St John achieved 83% overall satisfaction in the National Student Survey in 2016. Our continuation rates are still among the highest in the sector: 91.9% of first years in 2013-14 continued in their studies with us into 2014-15.

Similarly, our graduate destinations continue to be strong: 95.7% of 2015 graduates were in work or further study six months after graduating.

Community

The University is part of a large, diverse and supportive community of students, staff, regional businesses and organisations, overseas partners and local residents.

Our continued success in widening access to Higher Education is demonstrated by achieving the highest proportions of entrants from state schools, low participation neighbourhoods and lower socio-economic groups in the sector. The continuation and success rates for these students are all very high.

We continue to work hard on increasing the ethnic diversity of our student and staff community. Despite limited diversity compared to the sector, we are increasing our diversity each year.

Our staff satisfaction remains high at 94%. Staff turnover is low but sickness absence rates increased slightly in 2015.

We have achieved our target to have all our academics recognised by the Higher Education Academy for their teaching quality.

We have been awarded the Social Enterprise Gold Mark in recognition of our commitment to social enterprise excellence. The award involved a detailed assessment of the way we work in terms of our governance, business ethics and financial transparency. We are one of only two universities in the UK to have achieved this accreditation.



Resilience

York St John's underlying financial performance remains strong with a surplus of £4.7 million representing 8% of income. However, after allowing for pension costs and other one-off costs, including fundamental restructuring costs and impairment charges, the surplus reduced to £0.4 million, 0.7% of income.

During the year, the University undertook a major restructuring exercise to align resources to help achieve our 2020 vision. An enhanced voluntary severance scheme resulted in restructuring costs of £2.3 million with associated recurrent annual savings of £1.8 million after allowing for new appointments.

The University's capital development plans included the demolition of the Students' Union building in preparation for a new teaching building on the site, resulting in impairment charges of £0.8 million.

After accounting for all of the one-off charges the University generated £6.0 million cash from operating activities and invested £7.0 million in capital development.

Significant investments in 2015-16 include:

- Final phase of the sports development at Haxby Road £2.5 million
- New Students' Union facilities £1.3 million
- Extension of dining room facilities £1.0 million
- Teaching facilities and IT £1.6 million.

The University has also invested in academic delivery; our Student : Staff Ratios (SSRs) are now the lowest they have been for a decade at 18.6 : 1 and the reorganisation has led to an increase in the proportion of academic staff.

We have invested significantly in Library and IT resources. SCONUL data now shows that the investment in learning resources is among the highest in our peer group. We have also increased the proportion of PCs as a percentage of students from 8% to 9%. National Student Survey

feedback and other evaluations we conduct show that this investment should continue to grow to match student expectations.

The University also adopted a number of Value for Money (VfM) initiatives during the year including:

- The introduction of LEAN to the University focused on delivering operational efficiencies and service enhancement in key function areas
- Improved space utilisation
- Continued focus on managing energy costs
- Investment in reducing carbon emissions
- A review of the residential strategy
- Investment in an electronic ordering system and review of procurement processes

On behalf of the Governing Body

Professor Karen Stanton
Vice Chancellor
24 November 2016

Ann M Green CBE
Chairman and Pro Chancellor
24 November 2016

Financial Review

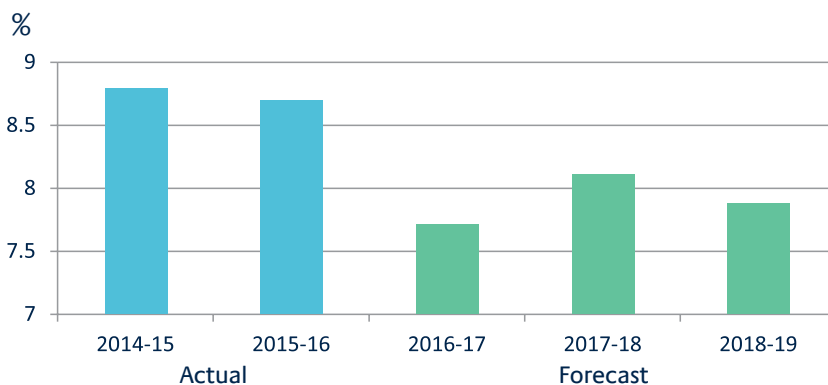
The Financial Statements for this year have been prepared under the new financial reporting standard FRS 102. The previous year's results have been restated for comparison.

The financial year 2015-16 was a challenging one due to lower than anticipated student recruitment resulting in a shortfall in income of £3.4 million against budget. Income decreased by £2.7 million (4.5%) year on year however through careful cost management, the University has delivered an underlying operating surplus of £4.7 million, 8% of income before impairment, pension cost adjustment and restructuring costs (2014-15 8.1% of income). The surplus reduces to £0.4 million, 0.7%, after one-off costs have been accounted for.

During the year, the University undertook a major restructuring exercise to align resources and heighten the common sense of purpose to help deliver its 2020 vision. An enhanced voluntary severance scheme enabled the rationalisation and disestablishment of some roles and restructuring costs of £2.3 million have been incurred, which will achieve a net recurrent annual saving of £1.8 million after allowing for new appointments. As part of the University's capital development plans, the Students' Union building has been demolished resulting in an impairment charge of £0.8 million.

The University generated £6.0 million cash from operating activities, after one-off restructuring costs of £2.3 million, and invested £7.0 million in tangible assets. The cash balance decreased by £1.8 million to £16.8 million.

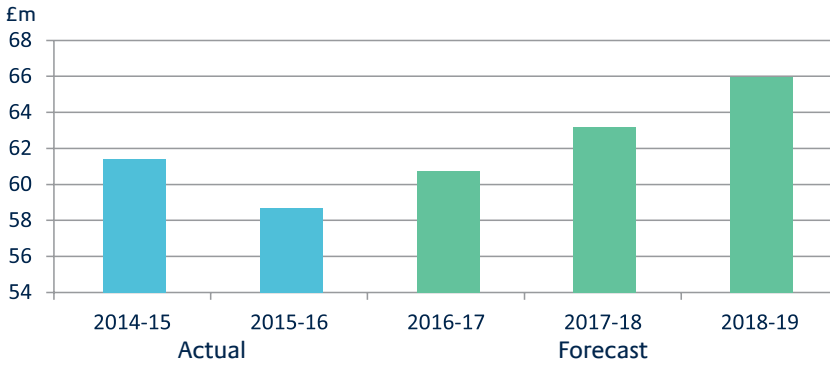
Adjusted Operating Surplus as % of Income



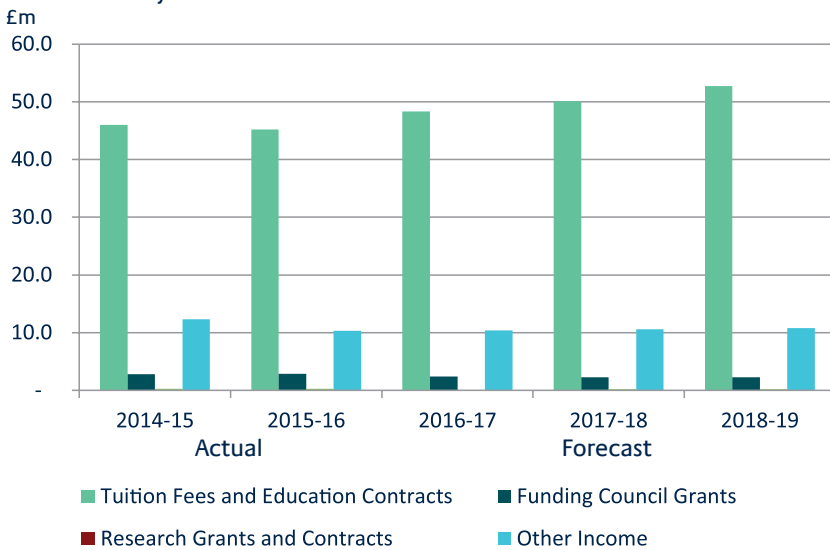
Income

Total income decreased by 4.5% to £58.7 million as a result of lower student recruitment. The University's main source of revenue (81.1%) is from teaching activity including tuition fees, education contracts and Funding Council grants. The University also has a portfolio of student accommodation and income from residence, catering and conference operations was also reduced by 16.2% to £10.1m as a result of lower student numbers. Income relating to research activity increased by 59.6% to £0.8 million due to the increase in Funding Council grants as a result of the successful REF (Research Excellence Framework) outcomes.

Total Income



Income Analysis



Financial Review

Expenditure

Expenditure before restructuring, pension and impairment costs was contained to £54.0 million to mitigate the reduction in income while still enabling increased investment in academic departments to support new programme delivery and improve student : staff ratios. We have maintained our expenditure as a percentage of income on academic departments at £24.1 million, and expenditure on academic services and staff and student facilities increased by 1% to £9.1 million.

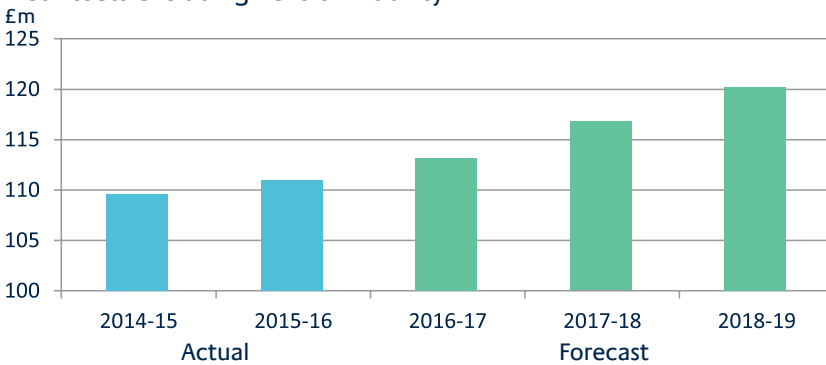
Balance Sheet

The balance sheet before the pension deficit adjustment has strengthened slightly this year with net assets increasing to £99.5 million. Capital investment of £7.0 million during the year included £2.5 million on the final phase of the sports development at Haxby Road, £1.3 million on the Students' Union facility, £1.0 million on an extension of the dining room and £1.6 million on teaching facilities and IT. The depreciation charge of £4.3 million includes the accelerated depreciation charge of £0.8 million relating to the old Students' Union building which has been demolished as part of future capital development plans.

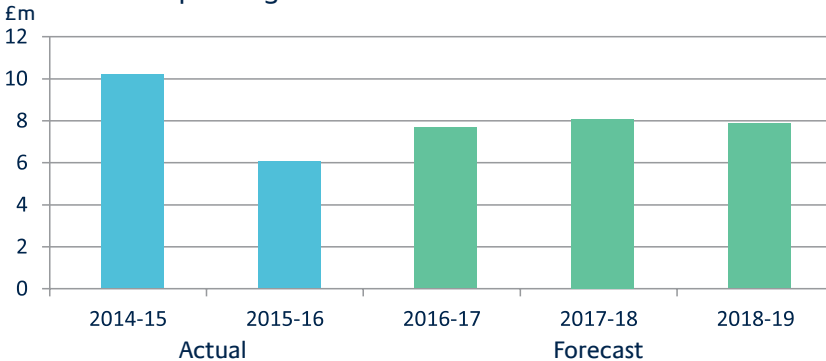
Debtors were reduced by 16.8% to £2.2 million through continued management of credit control and creditors increased slightly to £8.6 million. The cash balance decreased by £1.8 million with cash generated from operating activities of £6.0 million, 10.3% (£10.2 million, 16.5% 2014-15).

The outcome of the annual assessment of the University's pension liability resulted in an increase to the pension deficit of £11 million to £21.9 million. The majority of the increase in the deficit is from increased liabilities arising from the reduced discount rate which decreased in line with corporate bond rates, reducing from 3.5% to 2.4% year on year. Under the new financial reporting standards all of this loss is shown within the Statement of Comprehensive Income and Expenditure.

Net Assets excluding Pension Liability



Net Cash for Operating Activities







Key Risks and Risk Management

The University has an ambitious and exciting strategic plan as it aims to grow its profile, quality and reputation to be able to offer excellent learning opportunities for all its students and staff. It has a well-developed interactive Progress and Risk Management tool which is regularly reviewed by senior management and the University's Governors. This tool identifies risks and progress under the four strategic themes of Quality, Community, Growth and Resilience.

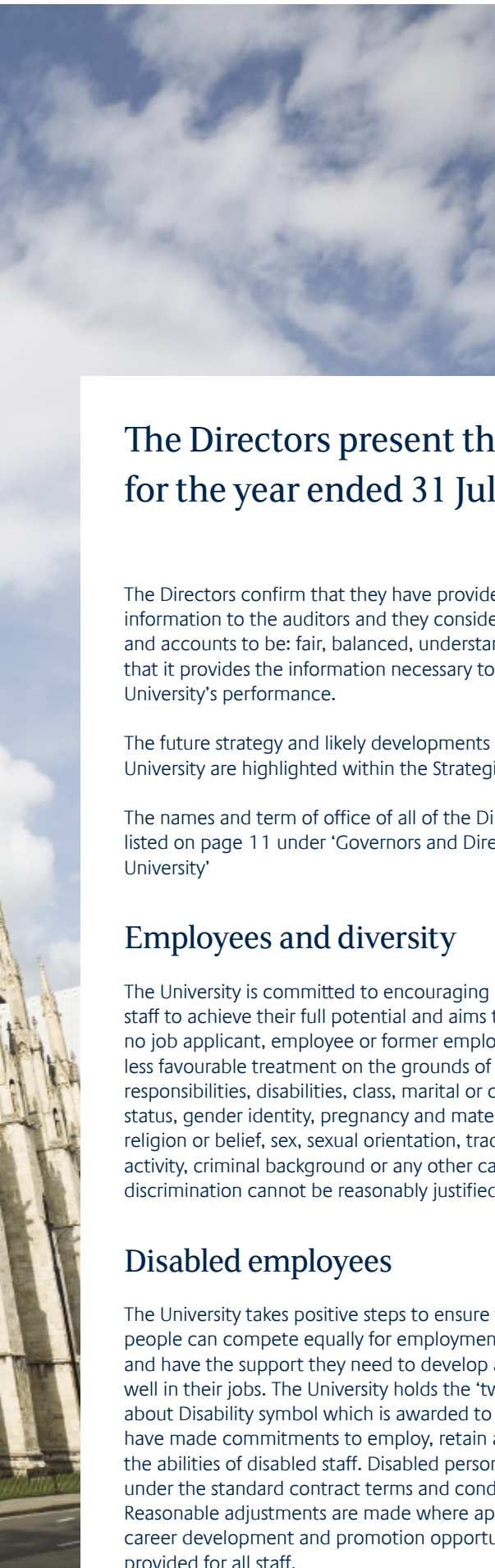


The UK Higher Education sector is in unprecedented times of economic and legislative change. The Government policy on tuition fees, the removal of the student number cap and the opening up of the market to private providers have all increased competition within the sector. The Higher Education and Research Bill will introduce more major reform of the regulatory bodies, the Teaching Excellence Framework, new provider rules and greater student mobility. The full impact of exit from the EU and the constrictions of the UK Visa and Immigration controls have the potential to reduce the attractiveness of the UK to foreign students. The University is taking account of this in reviewing its internationalisation strategy. The proposed changes to NHS teaching contracts and the outcome of the Comprehensive Spending Review may also present further financial challenge in the future. The University is also alert to the sensitivity of the sector's financial position to changes in pension fund liabilities and is actively managing this through its planning and forecasting processes.

This level of uncertainty adds to the complexity of forward planning; however, the University is well aware of the future challenges and through careful management and governance, informed by good quality data and information, the University will respond positively to new policies and challenges as they emerge.

The University has plans to improve student satisfaction, has excellent continuation and achievement rates for Home and EU students, and achieves good graduate outcomes. Following the reorganisation and a successful recruitment round for 2016-17, the underlying financial position remains strong and the University is well placed to deliver the strategic plan despite the sector challenges.





Directors' Report

The Directors present the Financial Statements of the University for the year ended 31 July 2016.

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

The future strategy and likely developments within the University are highlighted within the Strategic Report.

The names and term of office of all of the Directors are listed on page 11 under 'Governors and Directors of the University'

Employees and diversity

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

Disabled employees

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

Employee involvement

It is the University's policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the University's performance. Employees are provided with information about the University, which is supplemented by regular team briefings and staff forums. The University makes full use of its website, a weekly internal email and a quarterly magazine to provide current information to its employees.

On behalf of the Governing Body

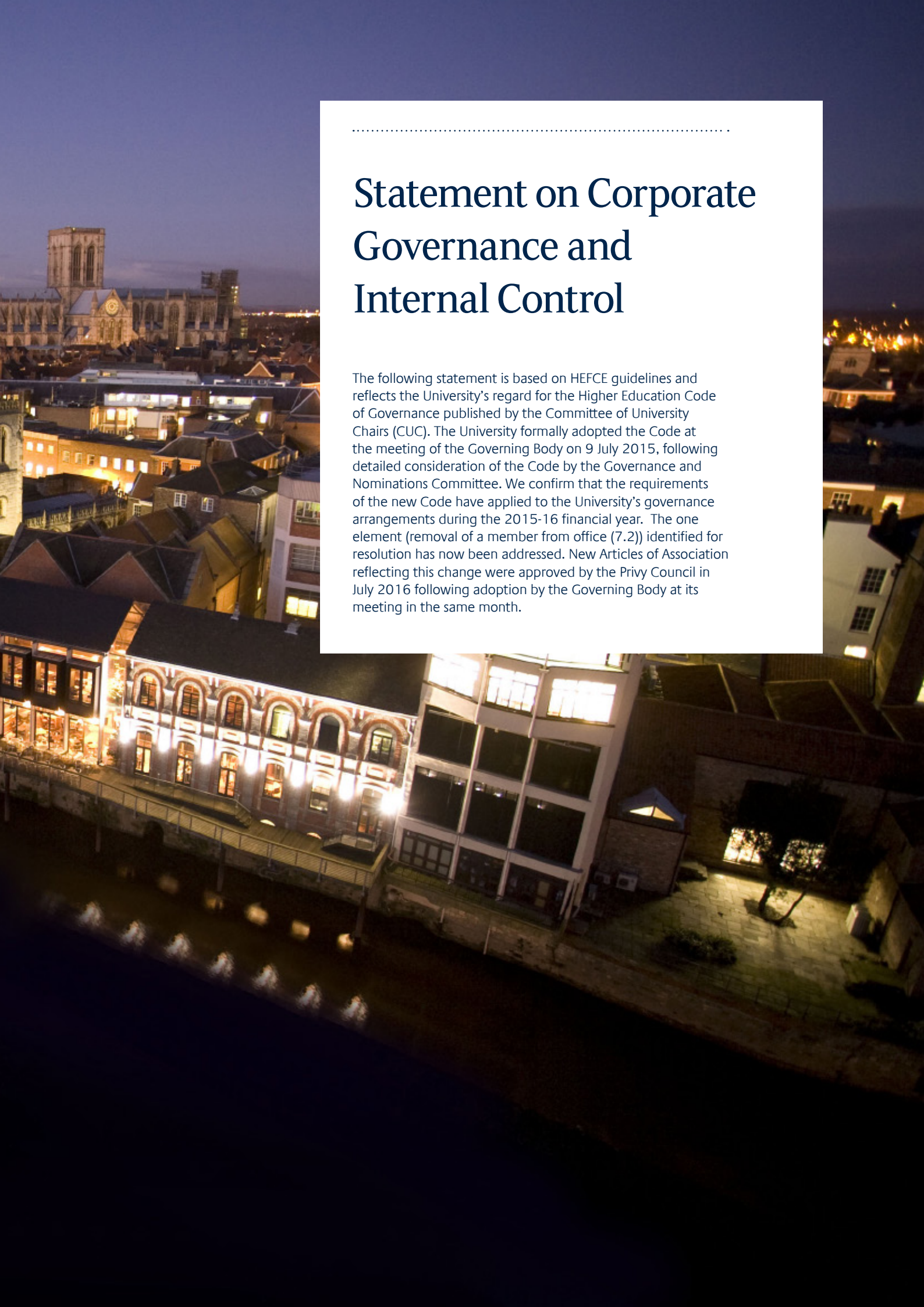
Professor Karen Stanton
Vice Chancellor
24 November 2016

Ann M Green CBE
Chairman and Pro Chancellor
24 November 2016



Statement on Corporate Governance and Internal Control

The following statement is based on HEFCE guidelines and reflects the University's regard for the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The University formally adopted the Code at the meeting of the Governing Body on 9 July 2015, following detailed consideration of the Code by the Governance and Nominations Committee. We confirm that the requirements of the new Code have applied to the University's governance arrangements during the 2015-16 financial year. The one element (removal of a member from office (7.2)) identified for resolution has now been addressed. New Articles of Association reflecting this change were approved by the Privy Council in July 2016 following adoption by the Governing Body at its meeting in the same month.





York St John University is an incorporated body whose legal status is that of a Higher Education institution with taught and research degree awarding powers, a Company Limited by Guarantee (with no share capital) and an exempt charity. The University's Articles set out its object and powers as required under the Education Reform Act 1988. In accordance with the Articles of Association of the company, the Governing Body is responsible for the administration and management of the affairs of the University and is required to present audited Financial Statements for each financial year. This also includes ensuring the operation of an effective system of internal control. Governors make an annual declaration to conduct themselves in accordance with accepted standards of 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 Governing Body 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 reflects the Governing Body's understanding of its responsibilities in relation to governance and internal control. It is published on the University's website and is reviewed annually by the Governing Body.

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

- the determination of the educational character and objectives of the University and the supervision of its activities
- the effective and efficient use of resources, the solvency of the University and the safeguarding of its assets
- approving annual estimates of income and expenditure
- the assignment of duties and rights to, and the appraisal of,

- the Vice Chancellor
- the determination of the policy for pay and general conditions of employment of the staff
- the appointment of auditors
- ensuring that there is an effective framework overseen by the Academic Board to manage the quality of learning and teaching and to maintain academic standards

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

Under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council (HEFCE), the Vice Chancellor is the Accountable Officer of the University. In that capacity the Vice Chancellor (and the Chairman of the Governing Body) can be summoned to appear before the Public

Accounts Committee of the House of Commons. This responsibility extends to assuring the quality and accuracy of University data provided to HEFCE, the Higher Education Statistics Agency (HESA) and other public bodies.

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

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



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

The Governing Body holds three formal business meetings each year. In addition, it holds a discussion day and an away day to provide opportunities to consider matters of strategic importance in

greater depth. In September 2016, the discussion day reflected on the fitness for purpose of existing governance structures and changes to reflect these deliberations will be taken forward during 2016/17. An annual joint meeting with the University's Academic Board, provides an opportunity for engagement in greater depth on academic matters including the student learning experience.

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 mainly comprise independent and external members of the Governing Body, 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, management's responses and implementation plans and regularly reviews the University's progress and risk register. It also receives and considers reports from the HEFCE, including the Assurance Review, as they affect the University's business and monitors adherence to regulatory requirements. While senior executives attend meetings of the Audit Committee

as necessary, they are not members of the Committee. Once a year, the Committee separately meets the Internal and External Auditors for independent discussions.

Finance and Capital Development Committee

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

Foundation Committee

The Foundation Committee, 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 post holders.

Governance and Nominations Committee

The Governance and Nominations Committee advises the Governing Body on the operation and effectiveness of corporate governance arrangements and oversees the appointment of Governors and members of Governing Body committees. This includes responsibility for oversight of reviews of Governing Body effectiveness. The most recent periodic review of effectiveness was conducted in 2013-14. Details of the University's approach and key outcomes of that process are published on the University's website.

Internal control

The University's Governing Body is responsible for the University's system of internal control, for reviewing its effectiveness alongside safeguarding the 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 fundamental aspects of the University's system of internal control have been maintained during 2015/16 whilst the University was undergoing significant change. Documentation defining particular control mechanisms and responsibilities were reviewed and updated to reflect the structural changes as part of the implementation process for the change programme.

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

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

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that it has been in place for the year ended 31 July 2016 and up to the date of approval of the Directors' Report and accounts; and that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for Directors on the Combined Code as deemed appropriate for Higher Education. It is informed by the Internal Audit function which works to standards defined in the HEFCE Audit Code of Practice. Further assurance is provided through reviews by HEFCE's Assurance Service. The performance of the 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 Governing Body.

The Audit Committee approves an annual Internal Audit plan and receives regular reports from Internal Audit which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control, governance and risk management. Internal Audit provides an annual report to the Governing Body, which includes an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, corporate governance and value for money. At its November 2016 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the Executive Board and Internal Audit, and taking account of events since 31 July 2016.

Responsibilities of the Governing Body 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 enable it to ensure that the Financial Statements are prepared in accordance with the University's Articles of Association, the Companies Act 2006, the Financial Reporting Standard FRS 102 and other relevant accounting standards. Within the terms and conditions of the Memorandum of Assurance and Accountability ('the Memorandum') agreed with the Higher Education Funding Council for England (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.

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

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

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

The Governing Body has taken reasonable steps to:

- ensure that funds from HEFCE, the National College for Teaching and Leadership (NCTL), and Health Education England (HEE) are used only for the purposes for which they have been given and in accordance with the Memorandum with HEFCE and any other conditions which HEFCE, NCTL or HEE 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 maintenance and integrity of that site.

Financial sustainability

The Governing Body understands its responsibilities for the University's long term financial sustainability. During the year, in particular through its Finance and Capital Development and Audit Committees, it has taken steps to consider the financial sustainability of the University's plans. This is reflected more broadly in our approach to risk management, governance and internal control.

The Governing Body considers that:

- The institutional strategy is clearly articulated and understood and takes account of the resources available and the environment in which the University operates
- Medium and long-term financial plans support the strategic ambition
- Appropriate mechanisms are in place to measure institutional performance over a sufficiently long time period, and the data and analysis behind the resulting KPIs is sufficiently robust
- It has sufficient information to provide appropriate challenge to management on financial and non-financial performance and assess institutional sustainability periodically.

Going concern

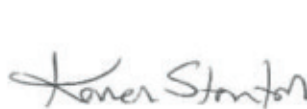
The Strategic Report sets out the University's:

- progress made against its strategic aims and key performance indicators
- financial performance and position, including the liquidity position
- objectives, policies and processes used for managing its capital
- financial risk management objectives

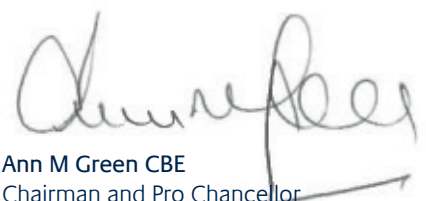
The University has considerable financial resources together with the current growth in student numbers. There are well-established processes in place to plan for the future, monitor progress against targets and manage risks. As a consequence, the Directors believe that the University is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 Karen Stanton
Vice Chancellor
24 November 2016



Ann M Green CBE
Chairman and Pro Chancellor
24 November 2016





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

We have audited the financial statements of York St John University for the year ended 31 July 2016 set out on pages 39 to 58. 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) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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



Respective responsibilities of the Governing Body and auditor

As explained more fully in the statement of Responsibilities of the Governing Body in the preparation of the Financial Statements set out on pages 31 to 33, the Governing Body (who are 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 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. In addition, we read all the financial and non-financial information in the Financial Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Association;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, the Directors' Report and the Statement on Corporate Governance and Internal Control 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 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 University, or returns adequate for our audit have not been received from branches not visited by us; or
- the University financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Clare Partridge
Senior Statutory Auditor

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

25 November 2016





Financial Statements for the Year Ended 31 July 2016

Statement of principal accounting policies

Basis of preparation

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

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

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

Basis of consolidation

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

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

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



Format of the accounts

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

Recognition of income

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

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

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

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

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

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

Endowment and investment income is credited to income in the year in which it arises and is recorded as either restricted or unrestricted income according to the terms of the individual endowment fund.

There are four main types of donations and endowments with restrictions:

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

Capital grants

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

Agency arrangements

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

Pension schemes

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

The Teachers' Pension Scheme is a multi-employer defined benefit scheme for which it is not possible to identify the University's share of underlying liabilities and assets, due to the mutual nature of the scheme. Under FRS102 contributions are therefore accounted for as if it were a defined contribution plan. As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period. Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS.

The North Yorkshire Pension Fund is a multi-employer defined benefit pension scheme. The NYPF is valued every three years by a professionally qualified independent actuary and the University's share of the fund's assets and liabilities are identified. The assets of the NYPF are measured using closing market values. NYPF liabilities are measured using the projected unit method and discounted at the redemption yield on the iBoxx Sterling AA corporate bond over 15 years index. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs.

Enhanced pensions

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

Employment benefits

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





Operating leases

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

Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (pounds sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency (pounds sterling) at the rates of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement in the period in which they arise.

The assets and liabilities of foreign operations are translated to the Group's presentational currency (pounds sterling) at the foreign exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated at the foreign exchange rates at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income.

Fixed Assets

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

Land and buildings that had been revalued to fair value on 1 August 2014, the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as advised by the external valuer, which vary between 10 and 90 years. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

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

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred prior to year-end. They are not depreciated until brought into use.

Motor vehicles, fixtures and fittings, computers and equipment: Assets costing £5,000 or more are assessed for capitalisation. Purchases under this value are written off to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised items are stated at cost and depreciated straight-line over their expected useful lives as follows:

- Motor vehicles – 5 years
- Fixtures and fittings – 10 years
- Computer hardware – 4 years
- Computer infrastructure – 5 years
- Equipment – 5 years

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

Borrowing costs

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

Accounting for research and development

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

Website development costs

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

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

Transition to FRS 102 and the 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the University has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. An explanation of how the transition to the 2015 FE HE SORP has affected the University's reported financial position, financial performance and cash flows is provided in note 25.

The 2015 FE HE SORP requires a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

Stock

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



Cash and cash equivalents

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

Provisions

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

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Contingent assets and liabilities

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

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Taxation

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

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

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

Reserves

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

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

Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgments:

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

Other key sources of estimation uncertainty

- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016

	Notes	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Income					
Tuition fees and education contracts	1	45,154	46,040	45,154	46,040
Funding body grants	2	2,916	2,786	2,916	2,786
Research grants and contracts	3	322	336	322	336
Other income	4	10,172	12,135	10,172	12,135
Investment income	5	97	94	94	94
Donations and endowments	6	23	40	23	40
Total income		58,684	61,431	58,681	61,431
Expenditure					
Staff costs	7	29,980	29,630	29,826	29,445
Fundamental restructuring costs	7	2,337	-	2,337	-
Other operating expenses	10	20,355	22,804	20,527	22,982
Depreciation	11	4,265	3,299	4,265	3,299
Interest and other finance costs	8	1,340	1,307	1,340	1,307
Total expenditure	10	58,277	57,040	58,295	57,033
Operating surplus after depreciation of assets		407	4,391	386	4,398
Gain/(loss) on disposal of fixed assets		-	(39)	-	(39)
Surplus/(Deficit) before tax		407	4,352	386	4,359
Taxation	9	(3)	(8)	-	-
Surplus/(Deficit) for the year		404	4,344	386	4,359
Unrealised surplus/(deficit) on revaluation of land and buildings	11	(34)	0	(34)	0
Actuarial (loss)/gain in respect of pension schemes	24	(9,905)	(2,522)	(9,905)	(2,522)
Total comprehensive income for the year		(9,535)	1,822	(9,553)	1,837
Represented by:					
Endowment comprehensive income for the year	18	-	(68)	-	(68)
Restricted comprehensive income for the year	19	(11)	(6)	(11)	(6)
Unrestricted comprehensive income for the year		(9,524)	1,896	(9,542)	1,911
		(9,535)	1,822	(9,553)	1,837

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

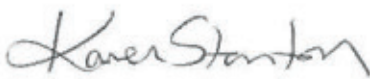
Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2014: restated	153	152	52,301	43,594	96,200
Surplus/(deficit) from the income and expenditure statement	(68)	(6)	4,418	-	4,344
Other comprehensive income	-	-	(2,522)	-	(2,522)
Transfers between revaluation and income and expenditure reserve	-	-	366	(366)	-
Release of restricted funds spent in year	-	-	-	-	-
	(68)	(6)	2,262	(366)	1,822
Balance at 31 July 2015 restated	85	146	54,563	43,228	98,022
Surplus/(deficit) from the income and expenditure statement	-	(11)	415	-	404
Other comprehensive income	-	-	(9,905)	(34)	(9,939)
Transfers between revaluation and income and expenditure reserve	-	-	1,578	(1,578)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(11)	(7,912)	(1,612)	(9,535)
Balance at 31 July 2016	85	135	46,651	41,616	88,487

University	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2014: restated	153	152	52,294	43,594	96,193
Surplus/(deficit) from the income and expenditure statement	(68)	(6)	4,433	-	4,359
Other comprehensive income	-	-	(2,522)	-	(2,522)
Transfers between revaluation and income and expenditure reserve	-	-	366	(366)	-
Release of restricted funds spent in year	-	-	-	-	-
	(68)	(6)	2,277	(366)	1,837
Balance at 31 July 2015 restated	85	146	54,571	43,228	98,030
Surplus/(deficit) from the income and expenditure statement	-	(11)	397	-	386
Other comprehensive income	-	-	(9,905)	(34)	(9,939)
Transfers between revaluation and income and expenditure reserve	-	-	1,578	(1,578)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(11)	(7,930)	(1,612)	(9,553)
Balance at 31 July 2016	85	135	46,641	41,616	88,477

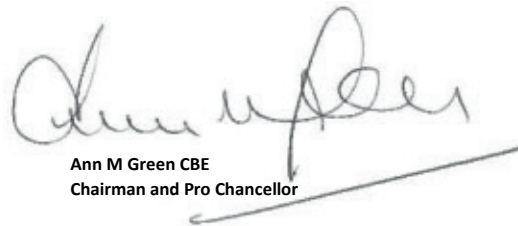
Consolidated and University Balance Sheet as at 31 July 2016

	Notes	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Non-current assets					
Fixed assets	11	123,827	121,160	123,827	121,160
		<u>123,827</u>	<u>121,160</u>	<u>123,827</u>	<u>121,160</u>
Current assets					
Stock		22	29	22	29
Trade and other receivables	14	2,159	2,594	2,186	2,651
Cash and cash equivalents	20	16,818	18,575	16,738	18,497
		<u>18,999</u>	<u>21,198</u>	<u>18,946</u>	<u>21,177</u>
Creditors: amounts falling due within one year	15	(8,629)	(8,464)	(8,586)	(8,435)
Net current (liabilities)/assets		<u>10,370</u>	<u>12,734</u>	<u>10,360</u>	<u>12,742</u>
Total assets less current liabilities		<u>134,197</u>	<u>133,894</u>	<u>134,187</u>	<u>133,902</u>
Creditors: amounts falling due after more than one year	16	(23,259)	(24,368)	(23,259)	(24,368)
Provisions					
Pension Provision	17	(22,451)	(11,504)	(22,451)	(11,504)
Total net assets		<u>88,487</u>	<u>98,022</u>	<u>88,477</u>	<u>98,030</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	85	85	85	85
Income and expenditure reserve - restricted reserve	19	135	146	135	146
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		46,651	54,563	46,641	54,571
Revaluation reserve		41,616	43,228	41,616	43,228
		<u>88,487</u>	<u>98,022</u>	<u>88,477</u>	<u>98,030</u>
Total Reserves		<u>88,487</u>	<u>98,022</u>	<u>88,477</u>	<u>98,030</u>

The Financial Statements on pages 39 to 58 were approved by Governors on 24 November 2016 and signed on their behalf by:



Professor Karen Stanton
Vice Chancellor



Ann M Green CBE
Chairman and Pro Chancellor

Statement of Cash Flows

Year ended 31 July 2016

	Notes	2015/16 £'000	2014/15 £'000
Cash flow from operating activities			
Surplus for the year before tax		407	4,352
Adjustment for non-cash items			
Depreciation	11	4,265	3,299
Taxation	9	(3)	(8)
Decrease/(increase) in stock	13	7	(3)
Decrease/(increase) in debtors	14	435	541
Increase/(decrease) in creditors	15	(511)	993
Increase/(decrease) in pension provision		1,042	514
Adjustment for investing or financing activities			
Investment income	5	(97)	(94)
Interest payable		895	1,006
Profit on the sale of fixed assets		-	39
Capital grant	2	(402)	(473)
Net cash inflow from operating activities		<u>6,038</u>	<u>10,166</u>
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	12
Investment income	5	97	94
Payments made to acquire fixed assets		(6,494)	(3,775)
Capital grant	2	402	473
		<u>(5,995)</u>	<u>(3,196)</u>
Cash flows from financing activities			
Interest paid	8	(895)	(1,006)
Repayments of amounts borrowed		(905)	(458)
		<u>(1,800)</u>	<u>(1,464)</u>
(Decrease)/Increase in cash and cash equivalents in the year		<u>(1,757)</u>	<u>5,506</u>
Cash and cash equivalents at beginning of the year	20	18,575	13,069
Cash and cash equivalents at end of the year	20	<u>16,818</u>	<u>18,575</u>
		<u>(1,757)</u>	<u>5,506</u>

Notes to the Accounts

for the year ended 31 July 2016

1 Tuition fees and education contracts

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
Notes	£'000	£'000	£'000	£'000
Full-time home and EU students	35,285	35,005	35,285	35,005
Full-time international students	4,579	5,347	4,579	5,347
Part-time students	621	937	621	937
Short course fees	908	892	908	892
Occupational and physiotherapy students	3,761	3,859	3,761	3,859
	<u>45,154</u>	<u>46,040</u>	<u>45,154</u>	<u>46,040</u>

2 Funding body grants

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
	£'000	£'000	£'000	£'000
Recurrent grant				
Higher Education Funding Council	1,797	1,842	1,797	1,842
Specific grants				
Higher Education Funding Council	717	471	717	471
Capital grant	402	473	402	473
	<u>2,916</u>	<u>2,786</u>	<u>2,916</u>	<u>2,786</u>

3 Research grants and contracts

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
	£'000	£'000	£'000	£'000
Research councils	45	45	45	45
Research charities	66	100	66	100
Government (UK and overseas)	132	110	132	110
Industry and commerce	4	20	4	20
Other	75	61	75	61
	<u>322</u>	<u>336</u>	<u>322</u>	<u>336</u>

4 Other income

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	7,989	9,866	7,989	9,866
Other income	2,183	2,269	2,183	2,269
	<u>10,172</u>	<u>12,135</u>	<u>10,172</u>	<u>12,135</u>

5 Investment income

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
	£'000	£'000	£'000	£'000
Investment income on endowments	18 -	1	-	1
Investment income on restricted reserves	19 1	1	1	1
Other interest received	96	92	93	92
	<u>97</u>	<u>94</u>	<u>94</u>	<u>94</u>

6 Donations and endowments

	2015/16	2014/15	2015/16	2014/15
	Group	Group	University	University
	£'000	£'000	£'000	£'000
New endowments	18 -	-	-	-
Donations with restrictions	19 23	40	23	40
	<u>23</u>	<u>40</u>	<u>23</u>	<u>40</u>

7 Staff costs

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Staff Costs :				
Salaries	26,124	24,244	25,970	24,059
Social security	1,850	1,739	1,850	1,739
Other pension costs	4,343	3,647	4,343	3,647
	32,317	29,630	32,163	29,445

	2015/16 £'000	2014/15 £'000
Staff Costs includes		
Fundamental restructuring costs	2,337	-

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

	2015/16 Number	2014/15 Number
Academic faculties	353	336
Academic services	76	76
Administration and central services	136	136
Premises	67	65
Residence and catering	19	20
	651	633

Emoluments of the Vice-Chancellor:

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

	2015/16 £'000	2014/15 £'000
Employment start date 1 September 2015		
Salary	180	-
Contribution to removal costs	12	-
Total excluding pension costs	192	-
Standard rated employer's pension costs	-	-
Total including pension costs	192	-

Employment end date 30 September 2015

	2015/16 £'000	2014/15 £'000
Salary	32	202
Bonus	-	20
Benefits	2	1
Total excluding pension costs	34	223
Standard rated employer's pension costs	5	27
Total including pension costs	39	250

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

	2015/16 Number	2014/15 Number
£100,000 to £110,000	-	2
£110,001 to £120,000	1	-
£120,001 to £130,000	1	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	1

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

	2015/16 £'000	2014/15 £'000
Compensation payable recorded within staff costs	108	220
Number of staff paid	1	1

2014/15: The full amount relates to a provision for the estimated additional pension contributions approved by Governing Body due to the Vice Chancellor being granted early retirement. £223,523.06 was paid in 2015/16.

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

Remuneration payable to Key management personnel:

	2015/16 £'000	2014/15 £'000
Remuneration payable recorded within staff costs	475	477

Related party transactions

The University made a grant to the York St John Students' Union of £484,180 (2015: £436,750).

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

A member of key management personnel who left the organisation part-way through the year was also a Director of UCAS, to whom the University paid a total of £75,096 as a supplier in 2015/16 (£88,879 in 2014/15; includes both UCAS and UCAS Media Ltd). There was no outstanding balance at the year end.

A member of the Governing Body is also a Trustee of York Citizens Theatre Trust, to whom the University paid a total of £18,900 as a supplier in 2015/16 (£19,614 in 2014/15). There was no outstanding balance at the year end.

The total expenditure incurred and expenses claimed by seven Governors and External Committee members amounted to £3,000 paid relating to travel, subsistence and accommodation.

8 Interest and other finance costs

	2015/16 Group	2014/15 Group	2015/16 University	2014/15 University
Notes	£'000	£'000	£'000	£'000
Loan interest	989	1,006	989	1,006
Net charge on pension scheme	24 351	301	351	301
	<u>1,340</u>	<u>1,307</u>	<u>1,340</u>	<u>1,307</u>

9 Taxation

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

	2015/16 Group	2015/16 Group	2015/16 University	2014/15 University
	£'000	£'000	£'000	£'000
Overseas taxation	3	8	-	-
	<u>3</u>	<u>8</u>	<u>-</u>	<u>-</u>
Tax paid in the year	<u>3</u>	<u>8</u>	<u>-</u>	<u>-</u>

10 Analysis of total expenditure by activity

	2015/16 Staff	2015/16 Non Staff	2015/16 Group	2014/15 Group
	£'000	£'000	£'000	£'000
Academic departments	17,831	6,308	24,139	25,545
Academic services	2,928	2,989	5,917	5,997
Premises (including service concession cost)	1,735	5,865	7,600	6,840
Residences, catering and conferences	447	6,312	6,759	8,122
Research grants and contracts	201	121	322	336
Administration and central services	2,614	808	3,422	3,198
General educational expenditure	2,121	2,443	4,564	4,031
Staff and student facilities	2,103	1,114	3,217	2,971
Fundamental restructuring	2,337	-	2,337	-
	<u>32,317</u>	<u>25,960</u>	<u>58,277</u>	<u>57,040</u>

Other operating expenses include
 External auditors remuneration in respect of:
 Audit of accounts
 Audit related assurance services
 Taxation compliance services
 Corporate finance services
 Internal auditors
 Operating lease rentals
 Land and buildings
 Other

	41	45
	24	4
	17	8
	-	-
	47	45
	3,063	3,031
	228	150

11 Fixed Assets

	Freehold Land and Buildings £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Computers £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation							
At 1 August 2015	117,772	131	2,463	4,606	3,643	1,251	129,866
Additions	1,637	19	7	505	209	4,589	6,966
Transfers	282	-	-	39	113	(434)	-
Impairments	(941)	-	(54)	(169)	(65)	-	(1,229)
Disposals	-	-	-	-	-	-	-
At 31 July 2016	118,750	150	2,416	4,981	3,900	5,406	135,603
Consisting of valuation as at:							
31 July 2016	117,772	-	-	-	-	-	117,772
Cost	978	150	2,416	4,981	3,900	5,406	17,831
	<u>118,750</u>	<u>150</u>	<u>2,416</u>	<u>4,981</u>	<u>3,900</u>	<u>5,406</u>	<u>135,603</u>
Depreciation							
At 1 August 2015	2,020	70	1,467	2,653	2,496	-	8,706
Charge for the year	2,863	24	172	742	464	-	4,265
Transfers	-	-	-	-	-	-	-
Impairments	(907)	-	(54)	(169)	(65)	-	(1,195)
Disposals	-	-	-	-	-	-	-
At 31 July 2016	3,976	94	1,585	3,226	2,895	-	11,776
Net book value							
At 31 July 2016	114,774	56	831	1,755	1,005	5,406	123,827
At 31 July 2015	115,752	61	996	1,953	1,147	1,251	121,160

12 Subsidiary undertakings

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

13 Stock

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
General consumables	22	29	22	29
	<u>22</u>	<u>29</u>	<u>22</u>	<u>29</u>

14 Trade and other receivables

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Trade debtors	1,425	1,510	1,424	1,510
Subsidiary Company: York SJ Sdn. Bhd	-	-	28	57
Prepayments and accrued income	734	1,084	734	1,084
	<u>2,159</u>	<u>2,594</u>	<u>2,186</u>	<u>2,651</u>

15 Creditors : amounts falling due within one year

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Unsecured loans	1,081	904	1,081	904
Trade payables	1,382	1,477	1,382	1,477
Social security and other taxation payable	806	666	806	666
Accruals and deferred income	5,360	5,417	5,317	5,388
	<u>8,629</u>	<u>8,464</u>	<u>8,586</u>	<u>8,435</u>

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Research grants received on account	12	-	12	-
Grant income	18	181	18	181
Other income	74	159	74	159
	<u>104</u>	<u>340</u>	<u>104</u>	<u>340</u>

16 Creditors : amounts falling due after more than one year

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Unsecured loans: amounts payable in				
1 to 2 years	1,097	1,748	1,097	1,748
2 to 5 years	3,446	2,701	3,446	2,701
More than 5 years	17,177	18,353	17,177	18,353
	<u>21,720</u>	<u>22,802</u>	<u>21,720</u>	<u>22,802</u>
Lease accrual - City Residence	981	960	981	960
Deferred income	558	606	558	606
	<u>23,259</u>	<u>24,368</u>	<u>23,259</u>	<u>24,368</u>

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

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

17 Pension Provision

	Obligation to fund deficit on NYCC £'000	Enhanced pensions £'000	Total Pensions Provisions £'000
At 1 August 2015	10,877	627	11,504
Utilised in year		(66)	(66)
Additions in 2015/16	11,000	19	11,019
Unused amounts reversed in 2015/16		(6)	(6)
At 31 July 2016	<u>21,877</u>	<u>574</u>	<u>22,451</u>

18 Endowment Reserves (University and Group)

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2016 Total £'000	2015 Total £'000
Balance at 1 August					
Capital	31	-	-	31	27
Accumulated income	-	-	54	54	126
	<u>31</u>	<u>-</u>	<u>54</u>	<u>85</u>	<u>153</u>
New endowments	-	-	-	-	-
Investment income	-	-	-	-	1
Expenditure	-	-	-	-	(69)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68)</u>
Balance at 31 July	<u>31</u>	<u>-</u>	<u>54</u>	<u>85</u>	<u>85</u>
Represented by:					
Capital	31	-	-	31	27
Accumulated income	-	-	54	54	58
	<u>31</u>	<u>-</u>	<u>54</u>	<u>85</u>	<u>85</u>
Analysis by type of purpose:					
Scholarships and bursaries	31	-	-	31	31
General	-	-	54	54	54
	<u>31</u>	<u>-</u>	<u>54</u>	<u>85</u>	<u>85</u>

Endowment reserves are all held as cash and cash equivalents.

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.

19 Restricted Reserves (University and Group)

	Unspent capital grants £'000	Donations £'000	2016 Total £'000	2015 Total £'000
Balance at 1 August	-	146	146	152
New grants	-	-	-	-
New donations	-	23	23	40
Investment income	-	1	1	1
Expenditure	-	(35)	(35)	(47)
Restricted comprehensive income for the year	-	(11)	(11)	(6)
Capital grants utilised	-	-	-	-
Balance at 31 July	<u>-</u>	<u>135</u>	<u>135</u>	<u>146</u>
Analysis of other restricted funds/donations spent in the year by type of purpose:			2016 Total £'000	2015 Total £'000
Scholarships and bursaries			31	33
Prize funds			-	14
General			4	-
			<u>35</u>	<u>47</u>

20 Cash and cash equivalents

	At 1 August 2015 £'000	Cash Flows £'000	At 31 July 2016 £'000
Consolidated	18,575	(1,757)	16,818
Cash and cash equivalents	<u>18,575</u>	<u>(1,757)</u>	<u>16,818</u>

21 There are no events after the Balance Sheet date to disclose. The accounts were authorised for issue on 24 November 2016 by the Governing Body.

22 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	2015/16 Group £'000	2014/15 Group £'000	2015/16 University £'000	2014/15 University £'000
Commitments contracted for	4,401	2,316	4,401	2,316
	<u>4,401</u>	<u>2,316</u>	<u>4,401</u>	<u>2,316</u>

Capital commitments include the completion of the Biomedical Science Laboratory and the sports Pavilion at Haxby Road, a new Student Union building and refurbishment of teaching rooms.

23 Operating Leases

Operating lease rentals included in other operating expenditure:

	2016 £'000	2015 £'000
Land and buildings	3,063	3,031
Other	228	150

Lease payments committed to be made within the next year analysed by expiry date of the whole contract:

	Buildings £'000	Equipment £'000	Total £'000	2015 £'000
Commitments expiring:				
Within 1 year	-	-	-	-
2-5 years	-	176	176	55
After 5 years	3,178	-	3,178	2,956
	<u>3,178</u>	<u>176</u>	<u>3,354</u>	<u>3,011</u>

24 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 Pension Fund for non academic staff and the Church of England Pensions Board for the previous Chaplain. These are independently administered schemes.

The contribution of the University as a percentage of pensionable salaries is:
16.48% for academic staff
16.70% for non academic staff

Total pension costs included in staff costs for the year

	2016 £'000	2015 £'000
Teachers' Pension Scheme: contributions paid *	1,814	1,781
Church of England Pension Scheme: contributions paid *	-	(1)
North Yorkshire County Council Pension Fund: charge to Income & Expenditure Account	2,516	1,848
Enhanced pension charged to the Income & Expenditure Account	13	19
	<u>4,343</u>	<u>3,647</u>

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

North Yorkshire County Council Superannuation Fund: non academic staff

i) The 2013 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 2013 valuation was based on the following assumptions:

	Per annum 2013	Per annum 2010
Rate of salary increase	4.10%	4.75%
Rate of increase of present value and future pensions	2.60%	3.00%

The actuarial valuation showed the market value of the scheme's assets was £1,841 million (2010: £1,345 million) and that the actuarial value of these assets represented 73% (2010: 67%) of the past service benefits that has accrued to members after allowing for expected increases in earnings.

ii) FRS 102 valuation as at 31 July 2016

Under the definitions set out in FRS 102, the North Yorkshire County Council Scheme is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of the fund's assets and liabilities for non academic staff as at 31 July 2016.

It is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2016 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31 July 2016.

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

The actuarial assumptions made for this valuation were:

	Start of the year	End of the year
Rate of inflation	2.00%	1.80%
Rate of increase in salaries	3.50%	3.30%
Rate of increase in pensions	2.00%	1.80%
Discount rate	3.50%	2.40%
Retired today		
	Males	23.2
	Females	25.7
Retiring in 20 years		
	Males	25.4
	Females	28.0

iii) The results of the FRS 102 valuation at 31 July 2016, included in the Financial Statements

	2015/16	2014/15
Charges to Income & Expenditure Account		
Staff Costs	£'000	£'000
Current service costs	2,280	1,848
Past service costs	185	-
	<u>2,465</u>	<u>1,848</u>
Staff Costs	2,465	1,848
Interest Payable	£'000	£'000
Pension finance (income)/costs:		
Interest income on assets	(1,551)	(1,630)
Interest on pension liabilities	1,902	1,931
Interest payable	<u>351</u>	<u>301</u>
Movement in the deficit during the year	£'000	£'000
Deficit in the scheme at 1 August	10,877	7,793
Current service costs	2,280	1,848
Employer contributions	(1,721)	(1,587)
Curtailement costs	-	-
Past service cost	185	-
Net interest/return on assets	351	301
Actuarial loss/(gain)	9,905	2,522
Deficit in the scheme at 31 July	<u>21,877</u>	<u>10,877</u>
Analysis of the movement in the present value of the scheme liabilities	£'000	£'000
At the beginning of the year	54,731	45,131
Current service costs	2,280	1,848
Interest costs	1,902	1,931
Contributions by scheme participants	648	647
Past service cost	185	-
Benefits paid	(1,452)	(1,084)
Actuarial loss/(gain)	12,884	6,258
At the end of the year	<u>71,178</u>	<u>54,731</u>
Analysis of the movement in the market value of scheme assets	£'000	£'000
At the beginning of the year	43,854	37,338
Expected return on pension scheme assets	1,551	1,630
Contributions by employer	1,721	1,587
Contributions by scheme participants	648	647
Benefits paid	(1,452)	(1,084)
Actuarial loss/(gain)	2,979	3,736
At the end of the year	<u>49,301</u>	<u>43,854</u>

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teacher's Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract.

Teachers and lecturers are able to opt out of the TPS.

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

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

The GA valued the Teachers' Pension Scheme as at 31 March 2012. The total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion (£176.5 billion on the prior valuation). The assumed real rate of return is 3.0% in excess of prices and 2.75% in excess of earnings. The assumed gross rate of return is 5.06%.

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

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

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

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

25 Transition to FRS102 and the 2015 SORP (Group and University)

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2015, the comparative information presented in these financial statements for the year ended 2014 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Consolidated Balance Sheet as at

Notes	1 August 2014			31 July 2015		
	2014/15	Effect of	2014/15	2014/15	Effect of	2014/15
	Audited	transition to		Audited	transition to	
	Accounts	2015 SORP		Accounts	2015 SORP	
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Fixed Assets	120,393	0	120,393	121,160	0	121,160
	<u>120,393</u>	<u>0</u>	<u>120,393</u>	<u>121,160</u>	<u>0</u>	<u>121,160</u>
Endowment assets	314	(314)	0	231	(231)	0
Current assets						
Stock	26	0	26	29	0	29
Trade and other receivables	3,134	0	3,134	2,592	2	2,594
Investments	262	(262)	0	2,264	(2,264)	0
Cash and cash equivalents	12,494	576	13,070	16,082	2,493	18,575
	<u>15,916</u>	<u>314</u>	<u>16,230</u>	<u>20,967</u>	<u>231</u>	<u>21,198</u>
Less: Creditors: amounts falling due within one year	(6,238)	(804)	(7,042)	(7,600)	(864)	(8,464)
Net current (liabilities)/assets	<u>9,678</u>	<u>(490)</u>	<u>9,188</u>	<u>13,367</u>	<u>(633)</u>	<u>12,734</u>
Total assets less current liabilities	<u>130,385</u>	<u>(804)</u>	<u>129,581</u>	<u>134,758</u>	<u>(864)</u>	<u>133,894</u>
Creditors: amounts falling due after more than one year	(23,975)	(939)	(24,914)	(23,408)	(960)	(24,368)
Provisions						
Provisions for liabilities	(675)	0	(675)	(627)	0	(627)
Other pension liability	(7,793)	0	(7,793)	(10,877)	0	(10,877)
Total net assets	<u>97,942</u>	<u>(1,743)</u>	<u>96,199</u>	<u>99,846</u>	<u>(1,824)</u>	<u>98,022</u>
Deferred capital grants	12,060	(12,060)	0	11,916	(11,916)	0
Restricted Reserves						
Income and expenditure reserve - endowment reserve	314	(161)	153	231	(146)	85
Income and expenditure reserve - restricted reserve		152	152		146	146
Unrestricted Reserves						
Income and expenditure reserve - unrestricted	41,974	10,326	52,300	44,471	10,092	54,563
Revaluation reserve	43,594		43,594	43,228		43,228
Total Reserves	<u>97,942</u>	<u>(1,743)</u>	<u>96,199</u>	<u>99,846</u>	<u>(1,824)</u>	<u>98,022</u>

Reconciliation of reserves as at

	1 August 2014	31 July 2015
	£'000	£'000
Total Reserves per 2014/15 audited accounts	85,568	87,699
Opening annual leave accrual	(804)	(804)
Opening rent accrual	(939)	(939)
Deferred capital grants	12,060	12,060
Endowment fund transfer to restricted reserves	305	231
Endowment fund transfer to unrestricted reserves	9	0
Movement on annual leave accrual	0	(60)
Movement on rent accrual	0	(21)
Current year deferred capital grant release	0	(617)
Capital grant received in 2014/15	0	473
Total effect of transition to FRS 102	<u>10,631</u>	<u>10,323</u>
Total reserves	<u>96,199</u>	<u>98,022</u>

Note: All transitional changes effect Group and University accounts.

Consolidated Statement of Comprehensive Income and Expenditure for the year ended 31 July 2015

	Notes	2014/15 Audited Accounts £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2014/15 £'000
Income					
Tuition fees and education contracts		46,040	0		46,040
Funding body grants		2,917	0	(131)	2,786
Research grants and contracts		336	0		336
Other income		12,148	0	(13)	12,135
Investment income		94	0		94
Total income before donations and endowments		61,535	0	(144)	61,391
Donations and endowments		0	40		40
Total income		61,535	40	(144)	61,431
Expenditure					
Staff costs		29,493	0	137	29,630
Other operating expenses		22,783	0	21	22,804
Depreciation		3,299	0		3,299
Interest and other finance costs		816	0	491	1,307
Total expenditure		56,391	0	649	57,040
Gain/(loss) on disposal of fixed assets		(39)	0		(39)
Surplus before tax		5,105	40	(793)	4,352
Taxation		(8)	0		(8)
Surplus after tax		5,097	40	(793)	4,344
Unrealised surplus on revaluation of land and buildings			0		0
Actuarial (loss)/gain in respect of pension schemes		0	(2,522)		(2,522)
Transfer from accumulated income in endowment funds		123	0	(123)	0
Total comprehensive income for the year		5,220	(2,482)	(916)	1,822

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the statement of Comprehensive Income (SoCI). This column should not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Reconciliation of surplus/(deficit)	2014/15 £'000
Surplus for the year per 2014/15 audited accounts	5,220
Current year deferred capital grant release (HEFCE)	(604)
Current year deferred capital grant release (Other)	(13)
Capital grant received in 2014/15	473
Movement on annual leave accrual	(60)
Movement on rent accrual	(21)
Actuarial (loss)/gain in respect of pension schemes	(2,522)
Transfer from accumulated income in endowment funds	(123)
Pension adjustment	(568)
Donations	40
Total effect of transition to FRS 102	(3,398)
Total comprehensive income for the year	1,822

Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of some short term investments and endowments to cash and cash equivalents as shown above.



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