

Financial Statements 2009-2010

Registered Charity No: 529589



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University Information

Governors		<u>Date of</u>	<u>Date of</u>
<u>Trustee Governors</u>		<u>Appointment</u>	<u>Expiry of</u>
			<u>Office</u>
Representative of the Lord Archbishop of York	Prof Gerald J Pillay	01/03/2007	31/08/2010
	Rt Revd David Smith	01/09/2010	31/08/2012
Diocese of Bradford	Fiona Beevers	01/09/2005	31/08/2011
Diocese of Ripon & Leeds	Rt Revd James Bell	01/09/2009	31/08/2012
Diocese of York	Rt Revd David Smith	01/09/2003	31/08/2010
Diocese of Wakefield	Revd John Hadjioannou	01/09/2009	31/08/2012
General Synod Board of Education	Michael Lindley	01/01/2008	31/08/2010
	Vacancy	01/09/2010	31/08/2013
Association of the Colleges of Ripon & York St John	Judith Hewitt	01/09/2007	31/08/2013
6 restricted co-options (members of the Church of England or a Church in communion with it)	Robin Hall	01/09/2000	31/08/2011
	John Finnigan	01/09/2005	31/08/2011
	Diana Gant	01/09/2005	31/08/2011
	Paul Murphy	01/09/2006	31/08/2012
	Canon Dr Ann Lees	01/10/2008	31/08/2011
	Vicky Biles ¹	01/09/2006	31/08/2012
<u>Governors</u>			
University of Leeds	Prof David Sugden	01/09/2009	31/08/2012
Vice Chancellor (ex-officio)	(see below)	ex officio	
Staff Governor	Stella Jones-Devitt	01/09/2007	28/02/2010
	James Fathers	01/03/2010	31/08/2013
Staff Governor	Diana Wetherell Terry	01/09/2008	31/08/2011
Staff Governor	Simon Newton	01/09/2009	31/08/2012
Student Governor (President of Students' Union)	Leigh Hankinson	ex officio	
North Yorkshire County Council	Vacancy	01/09/2009	30/04/2010
	Cllr Elizabeth Casling	01/05/2010	31/08/2013
City of York Council	Cllr Roger Pierce ²	01/09/2007	31/08/2013
4 unrestricted co-options	Gurdeep Kaur Chadha	01/09/2005	31/08/2011
	Jane Hanstock	01/09/2006	31/08/2012
	Martin Hathaway	01/09/2009	31/08/2012
	Richard Coates	06/01/2009	31/08/2011
Corporate Trustee (limited by guarantee)	York St John Endowment, a registered charity		
Vice Chancellor (to 30 th April 2010)	Prof Dianne M. Willcocks, BSc, DipM, FRSA		
Vice Chancellor (from 1 st June 2010)	Professor David Fleming BSc (Hons) PG Dip MBA DBA FRICS		
Deputy Vice Chancellor	Prof David Maughan Brown, BA, MA, D.Phil		
Clerk to the Governors	Janet Looker BA (Hons)		
Director of Finance	Dr John Gallacher BA (Hons), DBA, FCA		

Bankers	External Auditors	Internal Auditors	Solicitors	Corporate Office
Barclays Bank plc	KPMG LLP	PriceWaterhouse	Langleys	Lord Mayor's Walk
Parliament Street	1 The Embankment	Coopers LLP	Queens House	York YO31 7EX
York YO1 1XD	Leeds LS1 4DW	Benson House	Micklegate	
		33 Wellington Street	York YO1 6WG	
		Leeds LS1 4JP		

Status

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

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

² Resigned 15th August 2010. Post currently vacant.

Operating and Financial Review

Scope and period of accounts

These financial statements show the results of York St John University for the year ended 31st July 2010. The University is an unincorporated charitable trust. The financial statements exclude the results for the York St John Students' Union, which is a separate entity. The Operating and Financial Review was prepared in accordance with the Accounting Standards Board's Reporting Statement, Charity Commission guidance on public benefit and section 4 of the Charities Act 2006.

Public benefit

The key Strategic Aims of the University are;

1. To be an inclusive and accessible University by focusing on widening participation, retention, progression partnerships and employer engagement.
2. To provide flexible student-centred curricula with excellent teaching by focusing on a flexible, high-quality and distinctive provision, and to be a Centre for Excellence.
3. To be an employer of choice, focusing on work-life balance, staff development and performance, equality and diversity, and reward and recognition.
4. To be a leading regional University with a developing internationalisation agenda.
5. To be a learning organisation promoting lifelong learning through partnership and collaboration through collaborative provision, community partnerships, and learning organisation.
6. To offer a transforming student experience at a technologically-enabled campus.
7. To build capacity and good practice in research and knowledge exchange.
8. To be financially and environmentally sustainable, with good governance and excellent estates and facilities.

These aims are set out in the University's Strategic and Corporate Plan, which is developed by the Strategic Leadership Team, informed by the Governing Body, who approve the final Plan. Within these aims Objectives, Priorities and Main Outcomes have been specified. These objectives have been informed by the Charity Commission public benefit guidance notes.

Mission Statement including Equality and diversity

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

- provide widely-accessible opportunities for life-long learning, underpinned by scholarship and research
- extend and deepen the University's external contribution regionally, nationally and globally

- foster a supportive, creative, critical and reflective community which promotes personal and professional development for both students and staff.

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

Sustainability

The University is committed to reducing its impact on the environment and has established a clear Carbon Management Plan. Significant progress has been made in two main areas:

- various projects have improved estate management, with some support under the Salix funding scheme. New heating systems have been installed, with a centralised building management system. An electrical sub-metering system will also improve management of energy consumption;
- to reduce emissions relating to transport, on-site parking has been reduced and use of public transport and cycles is encouraged. Discussions with local organisations around possible joint projects have begun.

Financial results for 2009-10

The University's financial target was to achieve a sustainable surplus on continuing activities in the range 3% to 5% of income but was revised in light the current global economic conditions to 0-2%. The University is reporting:

	2009-10	2008-9
Total income	£42.0m	£40.9m
Income increase / (decrease)	3%	12%
Total costs	£39.9m	£40.7m
Total costs increase / (decrease)	(2%)	15%
Staff costs increase / (decrease)	(0%)	11%
Other operating expenses increase / (decrease)	(7%)	12%
Retained Surplus	£1.8m	£0.1m
Surplus as a % of Income	4.3%	0.3%
Cash	£9.2m	£4.3m
Long Term Borrowings	£13.0m	£13.0m
Net Assets Excluding Pension Deficit	£67.7m	£64.7m
Pension Deficit	£11.7m	£13.0m

Income grew more slowly in the year than previously, while costs have been managed very carefully. Other Operating Costs have fallen due to a decrease in public funded projects.

There has been a significant change in the estimated pension liability for the North Yorkshire Superannuation Scheme, which is available to administrative staff. In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the North Yorkshire Superannuation Scheme rules and associated members' literature and has concluded that this change is a revised actuarial assumption about the level of inflation indexation that should be assumed, with the resulting gain of £2,181,000 for past service costs recognised through the Statement of Total Recognised Gains and Losses ('STRGL').

At the date of these financial statements, the Urgent Issues Task Force (UITF) of the Accounting Standards Board is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Looking forward income growth is expected to be constrained as student numbers continue to be capped and significant project funding comes to an end. Opportunities exist for improved international recruitment, but the levels of competition in this area are increasing. The cost base will need to be carefully controlled so that key financial targets are met while an excellent student experience is maintained.

Financial Strategy

York St John has a far sighted and prudent approach to strategic investment and financial management. The core activities of the University need support from a robust, solvent and sustainable financial position. Long term financial stability is ensured through monitoring a framework of strategic measures which underpins the strategic decision making process from which financial forecasts are produced. The current status of the key measures is as follows:

	2009-10	2008-9
Cash	£9.2m	£4.3m
Borrowings as a % of Income	31.0%	31.8%
Surplus as a % of Income	4.3%	0.3%
Staff costs as a % of Income	54.8%	56.4%

The University is taking steps to ensure that its income generation and cost base are consistent with maintaining these measures at prudent levels. In particular the University aims to:

- manage the financial risks of on-going activities and new opportunities in accordance with the University’s risk policy
- maintain high standards of financial probity & accountability
- increase income from sustainable & unrestricted sources
- embed full evaluation of financial consequences in the decision making processes of all departments
- continue to improve facilities and infrastructure to enable the implementation of the corporate plan

Progress already made with this strategy will stand the University in good stead in the difficult economic times to come.

Key Performance Indicators

The University monitors a range of indicators, classified by progress made against target and risk in terms of impact and likelihood. The indicators cover students, staff, financial & environmental factors. The majority of these targets are on track. Minor concerns have been noted in some targets in the Students category. Actions will be taken to address these issues. The key concerns about inherent risk are around the future financial environment.

Treasury Policies & Objectives

The investment policy of the University states that in balancing risk against return, security of the University’s funds is a higher priority than maximising interest earned. Funds are placed with

institutions approved by the Strategy, Planning & Resources Committee, and a limit for deposits with individual institutions is reviewed regularly, based on a formula approved by that Committee.

The University's Estate

Recent investment and high quality Estate Management has resulted in a modern campus that combines contemporary and historic buildings.

Employees

The University employs 544 people (expressed as full time equivalents, 2009: 550), of whom 281 (2009: 291) are in academic faculties.

The University uses a range of processes to ensure that staff are involved and kept informed about developments in the University. Staff Forum meetings are held during the year for staff to discuss key issues. All staff are invited to attend and may add items to the agenda. More frequent forms of communication include the regular staff newsletter "YorkTalk", emails sent to all staff, and the Vice Chancellor's update, which is distributed to all staff to communicate key information as required. Planning documents, including specific performance targets and indicators, and key financial information including monthly results and forecasts, are published on the staff intranet.

Regular formal consultation meetings are held with both academic and support trade unions to seek views on key issues such as changes to key policies and procedures. Specific consultation with staff is carried out as and when appropriate and on-going discussion takes place within Faculties and Departments to develop plans and strategies.

The University has a comprehensive set of policies, procedures and guidance documents that ensure compliance with legislation and codes of good practice (such as those produced by ACAS). The Human Resources team proactively monitor legislative developments, precedent, sector developments and good practice to ensure the University is compliant and progressive in all aspects of employment, including recruitment, conditions of employment, performance management, pay, and equality & diversity. The Human Resources team ensures the Strategic Leadership Team and Governors are apprised of relevant developments through Strategic Leadership Team meetings, the Human Resources Management Group and Strategy, Planning & Resources Committee. The University holds the Two Ticks symbol and complies with the relevant requirements.

Student Involvement

Students' Union sabbatical officers sit on every University committee and working party in relation to the student experience, both academic and non-academic to ensure that the student voice is central to strategic and operational decision making. The Student Services Graduate Intern for Evaluation and Research of the Student Experience works closely with the Students' Union and reports to Academic Board via the Standing Committee on Evaluation.

The Programme Representative scheme allows the Students' Union and students themselves to be active in enhancing performance of the University. The Graduate Intern works closely with the University Strategic Analyst and students in analysing and exploring issues on the back of the National Student Survey and other internal research to improve subsequent performance of the University.

Staff running services for students work alongside the Students' Union to ensure that campaigns on issues of concern are both reactive and systematic throughout the year e.g. personal safety campaigns, information on new landlord legislation, credit awareness campaigns etc.

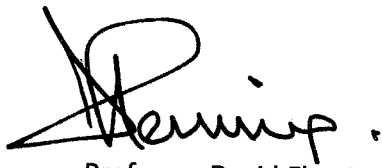
Insurance for Officers

The University maintains insurance to cover:

- legal liability for any wrongful act or omissions resulting in a civil liability in the course of provision of education and training activities or related professional services
- loss due to fraud or dishonesty by an employee
- any actual or alleged act committed or attempted by any governor, director, council member, officer, trustee, or employee acting in a management or supervisory capacity solely by reason of serving in that capacity.

Conclusion

The accounts reflect a successful and well established University demonstrating high quality academic achievement underpinned by financial resilience and positioned to respond to the challenges ahead.



Professor David Fleming
Vice Chancellor
15th November 2010



On behalf of the Governing Body
Robin Hall
Pro Chancellor
15th November 2010

Statement of Corporate Governance and Internal Control

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the revised “UK Corporate Governance Code” formerly “Combined Code on Corporate Governance” issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31st July 2010. The University has also had regard to the Committee of University Chairmen Governance Code of Practice. Practices are consistent with the provisions of the Code.

The Governing Body

It is the Governing Body’s responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is of the view that:

- there is an on-going process for identifying, evaluating and managing the University's significant risks,
- that it has been in place for the year ended 31st July 2010 and up to the date of approval of the annual report and financial statements,
- that it is regularly reviewed by the Governing Body, and
- that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

The University's Governing Body meets three times a year and has the following committees:

- Strategy, Planning and Resources,
- Nominations,
- Remuneration,
- Governance,
- Foundation, and
- Audit.

All of these Committees are formally constituted with terms of reference. They are mainly comprised of lay members of the Governing Body, one of whom is the Chair. The committee structure of the University was reviewed during the year to 31st July 2010 and one of the outcomes was that responsibility for the Human Resources Development Committee was transferred, with effect from 1st September 2009, to the University management whilst retaining a Governor presence.

All Governors are able to take independent professional advice in furtherance of their duties at the University’s expense and have access to the Clerk to the Governing Body, who is responsible to the Governing Body for ensuring compliance with all applicable procedures and regulations. The appointment and removal of the Clerk are matters for the Governing Body as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to meetings. Briefings are also provided on an ad-hoc basis.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-

executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

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

Appointments to the Governing Body

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

Remuneration Committee

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

Audit Committee

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

Internal Control

The University's Governing Body is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an on-going process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31st July 2010 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

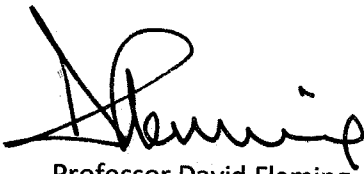
The Strategic Leadership Team receives reports setting out key performance and risk indicators, together with regular reports from Internal Audit and the Health and Safety Committee which include recommendations for improvement. They consider possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units, reinforced by risk awareness training. Audit Committee also receive regular reports from Internal Audit which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its

Financial Statements for the year ended 31st July

November 2010 meeting, the Governing Body carried out the annual assessment for the year ended 31st July 2010 by considering documentation from the Strategic Leadership Team and Internal Audit, and taking account of events since 31st July 2010.

Going concern

After making appropriate enquiries, the Governing Body considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.



Professor David Fleming
Vice Chancellor
15th November 2010



On behalf of the Governing Body
Robin Hall
Pro Chancellor
15th November 2010

Statement of Responsibilities of the University's Governing Body

In accordance with the University's Constitution, the Governing Body is responsible for ensuring the proper administration and management of the affairs of the University, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and to enable it to ensure that the financial statements are prepared in accordance with the University's Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for England, the Governing Body of the University, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University, and of the surplus or deficit and cash flows for that period.


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

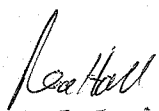
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The Governing Body has taken reasonable steps to:

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

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


Professor David Fleming
Vice Chancellor
15th November 2010


On behalf of the Governing Body
Robin Hall
Pro Chancellor
15th November 2010



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

We have audited the University financial statements (the "financial statements") of York St John University for the year ended 31 July 2010 which comprise the University Income and Expenditure Account, the University Balance Sheet, the University Cash Flow Statement, the University Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the University Governing Body, as a body, in accordance with paragraph 12.4 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University 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 University Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University Governing Body and Auditors

The University Governing Body's responsibilities for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008, the Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council and its successor bodies. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.



Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University's Governing Body in the preparation of the financial statements and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the University's affairs as at 31 July 2010 and of the University's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council and its successor bodies, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the 2008 Financial Memorandum with the Higher Education Funding Council for England dated June 2008, the Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council and its successor bodies.

A handwritten signature in black ink that reads 'Jeremy Gledhill'.

Jeremy Gledhill
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment,
Neville Street,
Leeds,
LS1 4DW
15th November 2010

**Income and Expenditure Account
for the Year Ended 31st July 2010**

	Note	2009/10 £ 000	2008/09 £ 000
INCOME			
Funding Council Grants	1	17,072	18,830
Tuition fees and educational contracts	2	17,512	15,119
Research grants and contracts	3	54	44
Other income	4	7,311	6,807
Endowment and investment income	5	36	109
TOTAL INCOME		41,985	40,909
EXPENDITURE			
Staff costs	6	23,012	23,061
Other operating expenses	10	13,039	14,064
Depreciation	11	2,226	2,292
Interest and other financial costs	8	1,575	1,266
TOTAL EXPENDITURE	10	39,852	40,683
Surplus after depreciation of assets at valuation and before taxation		2,133	226
Profit / (Loss) on disposal of assets		(320)	(102)
Surplus after depreciation of assets at valuation, and disposal of assets, but before taxation		1,813	124
Taxation	9	-	-
Surplus after depreciation of assets at valuation, disposal of assets, and taxation		1,813	124
Surplus / (deficit) for the year transferred to accumulated income in endowment funds	19	80	46
Surplus for the year retained within general reserves	20	1,893	170

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

**Statement of Historical Cost Surpluses and Deficits
 for the Year Ended 31st July 2010**

	Note	2009/10 £ 000	2008/09 £ 000
Surplus on continuing operations before taxation		1,813	124
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	20	142	138
Valuation gains / (losses) realised on disposal of tangible fixed assets	21	-	27
Historical cost surplus before taxation		1,955	289
Taxation	9	-	-
Historical cost surplus after taxation		<u>1,955</u>	<u>289</u>

**Statement of Total Recognised Gains and Losses
 for the Year Ended 31st July 2010**

	Note	2009/10 £ 000	2008/09 £ 000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and taxation		1,813	124
Unrealised deficit on revaluation of fixed assets		-	(3,987)
New Endowments	19	56	80
Exceptional pensions past service credit	30	2,181	-
Actuarial gain / (loss) in respect of pension scheme	30	16	(1,274)
Total recognised gains / (losses) relating to the year		<u>4,066</u>	<u>(5,057)</u>

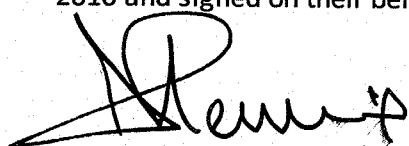
**Reconciliation of Opening & Closing Reserves
 for the Year Ended 31st July 2010**

	Note	2009/10 £ 000	2008/09 £ 000
Opening reserves and endowments			
Endowments		254	220
Income & expenditure	20	20,544	21,483
Revaluation reserve	21	18,954	23,106
		<u>39,752</u>	<u>44,809</u>
Total recognised gains for the year		<u>4,066</u>	<u>(5,057)</u>
		<u>43,818</u>	<u>39,752</u>
Closing reserves and endowments			
Endowments		230	254
Income & expenditure	20	24,776	20,544
Revaluation reserve	21	18,812	18,954
		<u>43,818</u>	<u>39,752</u>

Balance Sheet as at 31st July

	Note	2010 £ 000	2009 £ 000
Fixed assets			
Tangible assets	11	75,591	76,639
Investments	12	-	-
		<u>75,591</u>	<u>76,639</u>
Endowment assets	13	230	254
Current assets			
Stocks		28	27
Debtors due within one year	14	3,493	3,424
Debtors due after more than one year	14	39	39
Investments - short term deposits		4,078	3,085
Cash at bank and in hand		5,111	1,192
		<u>12,749</u>	<u>7,767</u>
Creditors: amounts falling due within one year	15	(6,508)	(5,449)
Net current assets		<u>6,241</u>	<u>2,318</u>
Total assets less current liabilities		82,062	79,211
Creditors: amounts falling due after more than one year	16	(13,352)	(13,372)
Provisions for liabilities and charges	17	(999)	(1,164)
Net assets excluding pension liability		<u>67,711</u>	<u>64,675</u>
Net pension liability	30	(11,723)	(12,999)
NET ASSETS including pension liability		<u>55,988</u>	<u>51,676</u>
Deferred capital grants	18	<u>12,170</u>	<u>11,924</u>
Endowments			
Restricted expendable	19	188	212
Restricted permanent	19	42	42
		<u>230</u>	<u>254</u>
Reserves			
Income and expenditure account excluding pension reserve	20	36,499	33,543
Pension reserve	30	(11,723)	(12,999)
Income and expenditure account including pension reserve	20	24,776	20,544
Revaluation reserve	21	18,812	18,954
		<u>43,588</u>	<u>39,498</u>
TOTAL FUNDS		<u>55,988</u>	<u>51,676</u>

The Financial Statements on pages 13 to 40 were approved by the Governors on 15th November 2010 and signed on their behalf by :



Professor David Fleming, Vice Chancellor



Robin Hall, Pro Chancellor

**Cash Flow Statement
 for the Year Ended 31st July 2010**

	Note	2009/10 £ 000	2008/09 £ 000
Net cash inflow from operating activities	23	7,148	3,092
Returns on investments and servicing of finance	24	(1,539)	(1,157)
Capital expenditure and financial investment	25	(726)	(3,277)
Management of liquid resources		(993)	1,876
Financing	26	-	-
Increase / (decrease) in cash		<u>3,890</u>	<u>534</u>

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

	Note	2009/10 £ 000	2008/09 £ 000
Increase / (decrease) in cash in the year		3,890	534
Increase / (decrease) in short term deposits		993	(1,876)
(Increase) / decrease in debt	26	-	-
Decrease/ (increase) in net debt		<u>4,883</u>	<u>(1,342)</u>
Net funds / (debt) at 1st August 2009	27	<u>(8,469)</u>	<u>(7,127)</u>
Net funds / (debt) at 31st July 2010		<u>(3,586)</u>	<u>(8,469)</u>

Statement of Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards. They have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007). Due to its status as a registered charity, the University has also taken consideration of the Statement of Recommended Practice: Accounting and Reporting by Charities and the Charities Act.

Recognition of income

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

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

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

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

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

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

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

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

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

Agency arrangements

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

Leases

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

Taxation

The University is a charity within the meaning of section 519 Income Tax Act 2007 (ITA). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 524 - 537 ITA 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.

Fixed Assets

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

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

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

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

- between three and seven years for equipment
- ten years for fixtures & fittings

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

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

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

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

Assets held for resale

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

Investments

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

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

Stocks

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

Cash flows and liquid resources

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

Foreign currency translations

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

Accounting for research and development

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

Website development costs

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

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

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

Total return on investment for permanent endowments

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

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

Donations for fixed assets

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

Gifts in kind, including donated tangible fixed assets

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

Pension Costs

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

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

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

Enhanced pensions

The actual cost of certain enhanced 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. In these accounts the provision has been calculated using the enhanced pensions spreadsheet provided by the Learning and Skills Council.

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

Notes to the Financial Statements

1 Funding Council income

	2009/10		2008/09	
	HEFCE £ 000	TDA £ 000	Total £ 000	Total £ 000
Recurrent grant	10,699	3,659	14,358	16,472
Specific grants	2,232	55	2,287	1,983
Deferred capital grants:				
Buildings (note 18)	186	-	186	179
Equipment (note 18)	241	-	241	196
	<u>13,358</u>	<u>3,714</u>	<u>17,072</u>	<u>18,830</u>

2 Tuition fees and educational contracts

	2009/10 £ 000	2008/09 £ 000
Home full-time students	10,432	9,101
Overseas students	2,213	1,476
Part-time students	797	685
Short course fees	486	404
Occupational therapy & physiotherapy students	3,584	3,453
	<u>17,512</u>	<u>15,119</u>

3 Research grants and contracts

	2009/10 £ 000	2008/09 £ 000
Research councils and charities	49	40
Industry and commerce	3	-
Governmental	2	4
	<u>54</u>	<u>44</u>

4 Other income

	2009/10 £ 000	2008/09 £ 000
Residences, catering and conferences	5,272	4,942
Releases from deferred capital grants, non Funding Council (note 18)	43	4
Other income	1,996	1,861
	<u>7,311</u>	<u>6,807</u>

5 Endowment and investment income

	2009/10 £ 000	2008/09 £ 000
Income from expendable endowments	1	5
Income from permanent endowments	-	1
Other interest received	35	103
	<u>36</u>	<u>109</u>

6 Staff costs	2009/10	2008/09
	£ 000	£ 000
Wages and salaries	19,143	19,006
Social security	1,436	1,398
Other pension costs (including FRS17 adjustments but prior to past service costs, note 30)	2,433	2,657
	<u>23,012</u>	<u>23,061</u>

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

	Number	Number
Academic faculties	281	291
Academic services	72	71
Administration & central services	120	109
Premises	53	60
Residence & catering	18	19
	<u>544</u>	<u>550</u>

7 Higher paid employees

The emoluments of the Vice Chancellor during the year were:

	2009/10	2008/09
	£	£
Emoluments	127,500	170,000
Pension costs	17,977	23,970
Emoluments of the Vice Chancellor in post to 30th April 2010	<u>145,477</u>	<u>193,970</u>

The Vice Chancellor post was vacant during May 2010.

	2009/10	2008/09
	£	£
Emoluments	28,333	-
Pension costs	3,995	-
Emoluments of the Vice Chancellor in post from 1st June 2010	<u>32,328</u>	<u>-</u>

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

£100,000 - £110,000	<u>1</u>	<u>1</u>
---------------------	----------	----------

8 Interest and other financial costs	2009/10	2008/09
	£ 000	£ 000
Loans repayable in the year	-	-
Repayable wholly or partly in more than five years	747	746
Net charge on pension scheme (note 30)	828	520
	<u>1,575</u>	<u>1,266</u>

9 Taxation

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

10 Analysis of expenditure by activity	2009/10	2008/09
	£ 000	£ 000
Academic departments	18,476	17,301
Academic services	4,098	4,296
Premises	6,966	6,696
Residences, catering and conferences	2,820	1,840
Research grants and contracts	39	660
Administration and central services	3,200	3,319
General educational expenditure	2,858	5,046
Staff & student facilities	1,395	1,525
	<u>39,852</u>	<u>40,683</u>

General educational expenditure has fallen as public funded projects have come to an end.

Other operating expenses include:

External auditors remuneration in respect of audit services	31	29
External auditors remuneration in respect of non-audit services	7	4
Operating lease rentals		
Land and buildings	1,604	1,463
Other	72	71

11 Tangible fixed assets

	Freehold land and buildings	Motor Vehicles	Fixtures & Fittings	Computers	Equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Valuation/Cost						
At 1st August 2009						
Valuation	73,614	-	-	-	-	73,614
Cost	-	39	2,582	2,174	2,161	6,956
Additions at cost	1,045	-	26	363	64	1,498
Disposals	-	-	(608)	(680)	(649)	(1,937)
At 31st July 2010						
Valuation	73,614	-	-	-	-	73,614
Cost	1,045	39	2,000	1,857	1,576	6,517
	<u>74,659</u>	<u>39</u>	<u>2,000</u>	<u>1,857</u>	<u>1,576</u>	<u>80,131</u>
Depreciation						
At 1st August 2009	109	26	1,114	1,433	1,249	3,931
Charge for Year	1,316	6	261	312	331	2,226
Disposals	-	-	(363)	(642)	(612)	(1,617)
Depreciation at 31st July 2010	<u>1,425</u>	<u>32</u>	<u>1,012</u>	<u>1,103</u>	<u>968</u>	<u>4,540</u>
Net book value						
At 31st July 2010	<u>73,234</u>	<u>7</u>	<u>988</u>	<u>754</u>	<u>608</u>	<u>75,591</u>
At 1st August 2009	<u>73,505</u>	<u>13</u>	<u>1,468</u>	<u>741</u>	<u>912</u>	<u>76,639</u>
Financed by:						
Capital grant	11,226	-	215	341	388	12,170
Other	62,008	7	773	413	220	63,421
Net book value at 31st July	<u>73,234</u>	<u>7</u>	<u>988</u>	<u>754</u>	<u>608</u>	<u>75,591</u>

11 Tangible fixed assets (continued)

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

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

	2010 £ 000	2009 £ 000
Freehold buildings	581	-

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

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

This was an interim valuation. The next full valuation is due in July 2011. The Governing Body is not aware of any material change in the value and therefore the valuations have not been updated.

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

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

The revalued buildings include notionally directly attributable acquisition costs of £7,116k (2009: £7,116k) relating to irrecoverable VAT.

The historical cost of assets held at valuation is £63m (2009: £63m).

The exchequer interest in fixed assets is £10.3m (2009: £10.2m).

12 Investments

	2010 £ 000	2009 £ 000
UK unlisted shares	-	-
UK fixed interest and equities at cost	-	-

At 31st July 2010 the University holds a nominal value of £1,000 ordinary shares in Knowledge Base (UK) Ltd, a company incorporated in England and Wales, which managed projects for Learndirect. This represents 25% of the company.

The company is currently in liquidation, & it is not considered that anything will be received when it is wound up, so the investment was written off in 2009.

13 Endowment assets

	2010	2009
	£ 000	£ 000
Balance at 1st August 2009	254	220
New endowments invested	56	80
(Decrease) / increase in cash balances held for endowment funds	(80)	(46)
	<u>230</u>	<u>254</u>
Represented by:		
Cash	225	254
Debtors	5	-
	<u>5</u>	<u>-</u>

14 Debtors

	2010	2009
	£ 000	£ 000
Amounts falling due within one year:		
Debtors	2,234	2,319
Prepayments & accrued income	1,259	1,105
	<u>3,493</u>	<u>3,424</u>
Amounts falling due after one year:		
Prepayments & accrued income	39	39
	<u>39</u>	<u>39</u>

15 Creditors: amounts falling due within one year

	2010	2009
	£ 000	£ 000
Trade creditors	2,601	1,911
Social security and other taxation payable	545	574
Accruals and deferred income	3,362	2,964
	<u>6,508</u>	<u>5,449</u>

16 Creditors: Amounts Falling Due After More Than One Year

	2010	2009
	£ 000	£ 000
Unsecured loans:		
Amounts repayable in:		
Less than 2 years	299	-
2 to 5 years	1,031	968
More than 5 years	11,670	12,032
Amounts due under operating lease	352	372
	<u>13,352</u>	<u>13,372</u>

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

17 Provisions for liabilities and charges

	Enhanced pensions £ 000	Other Provisions £ 000	Total £ 000
At 1st August 2009	822	342	1,164
Utilised in year	(78)	(87)	(165)
Balance At 31st July 2010	<u>744</u>	<u>255</u>	<u>999</u>

Other provisions represents the estimated cost of VAT under the capital goods scheme following the settlement of the library scheme with HM Revenue & Customs in 2008. This liability will be paid over the period to 2013.

18 Deferred capital grants

	Buildings £ 000	Fixtures & Fittings, Computers & Equipment £ 000	Total £ 000
Balance At 1st August 2009	11,157	767	11,924
Received in year	1,103	25	1,128
Transferred between categories	(89)	89	-
Transferred (to) / from creditors	(755)	343	(412)
Transferred to income & expenditure account	(190)	(280)	(470)
Balance At 31st July 2010	<u>11,226</u>	<u>944</u>	<u>12,170</u>
Capital grants were provided by:	£ 000	£ 000	£ 000
Higher Education Funding Council for England	11,120	762	11,882
National Health Service	-	182	182
Students' Union	106	-	106
	<u>11,226</u>	<u>944</u>	<u>12,170</u>

19 Endowments

Restricted Endowments	Permanent	Expendable	2010 Total	2009 Total
	£ 000	£ 000	£ 000	£ 000
Balances at 1st August 2009				
Capital	35	210	245	269
Accumulated income	7	2	9	(49)
	<u>42</u>	<u>212</u>	<u>254</u>	<u>220</u>
New endowments	-	56	56	80
Investment income	-	1	1	6
Expenditure	-	(81)	(81)	(52)
At 31st July 2010	<u>42</u>	<u>188</u>	<u>230</u>	<u>254</u>
Represented by				
Capital	35	186	221	245
Accumulated income	7	2	9	9
Balances at 31st July 2010	<u>42</u>	<u>188</u>	<u>230</u>	<u>254</u>

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

20 Income and expenditure account reserve

	2010 £ 000	2009 £ 000
Balance at 1st August 2009	20,544	21,483
Surplus for the year	1,893	170
Actuarial gain / (loss) in respect of pension scheme	16	(1,274)
Exceptional pensions past service credit	2,181	-
Transfer from revaluation reserve re disposal	-	27
Release from revaluation reserve	142	138
Balance At 31st July 2010	<u>24,776</u>	<u>20,544</u>
Balance represented by:		
Income and expenditure account	36,499	33,543
Pension reserve	(11,723)	(12,999)
	<u>24,776</u>	<u>20,544</u>

21 Revaluation reserve

	2010 £ 000	2009 £ 000
Revaluations		
At 1st August 2009	18,954	23,106
Less: Deficit on revaluation	-	(10,828)
Add: Depreciation reversed on revaluation	-	6,841
Less: Disposal of tangible assets	-	(27)
Less: Contribution to depreciation for the year	(142)	(138)
At 31st July 2010	<u>18,812</u>	<u>18,954</u>

22 Capital commitments

	2010	2009
	£ 000	£ 000
Commitments Contracted	902	75

Commitments have increased because of the redevelopment Phoenix Court, completed in September 2010.

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

	2010	2009
	£ 000	£ 000
Surplus before tax on continuing operations after depreciation of assets at valuation or cost and disposal of assets	1,813	124
Depreciation	2,226	2,292
Deferred capital grants released	(470)	(379)
Endowment and investment income	(36)	(109)
Profit / (Loss) on disposal of assets	320	102
Interest payable	1,575	1,266
Pension costs less contributions payable (notes 6, 8, & 30)	921	811
Decrease / (increase) in stocks	(1)	1
Decrease / (increase) in debtors	(74)	(1,139)
(Decrease) / increase in creditors	1,039	236
(Decrease) / increase in provisions	(165)	(113)
Net cash (outflow) / inflow from operating activities	<u>7,148</u>	<u>3,092</u>

24 Returns on investments and servicing of finance

	2010	2009
	£ 000	£ 000
Income from expendable endowments	1	5
Income from permanent endowments	-	1
Other interest received	35	103
Interest paid	(1,575)	(1,266)
	<u>(1,539)</u>	<u>(1,157)</u>

25 Capital expenditure and financial investment

	2010	2009
	£ 000	£ 000
Tangible assets acquired	(1,498)	(3,471)
Receipts from sale of assets and investments	-	2
New endowments received	56	80
Deferred capital grants received	1,128	1,231
Deferred capital grants transferred to creditors	(412)	(1,119)
	<u>(726)</u>	<u>(3,277)</u>

26 Analysis of changes in financing during the year

	2010 £ 000	2009 £ 000
Mortgages and loans		
Balance At 1st August 2009	13,000	13,000
Accrued interest added to loan	-	-
New loans	-	-
Capital repayments	-	-
Net amount (repaid) / acquired in year	-	-
Balance at 31st July 2010	<u>13,000</u>	<u>13,000</u>

27 Analysis of changes in net debt / funds

	At 1st August 2009 £ 000	Cash flow £ 000	Other changes £ 000	At 31st July 2010 £ 000
Endowment cash	254	(29)	-	225
Cash at bank and in hand	1,192	3,919	-	5,111
Short term deposits	3,085	993	-	4,078
Debt due within one year	-	-	-	-
Debt due after one year	(13,000)	-	-	(13,000)
	<u>(8,469)</u>	<u>4,883</u>	<u>-</u>	<u>(3,586)</u>

28 Operating lease commitments

Commitments on operating leases can be analysed as follows:

	2010			2009		
	Buildings £ 000	Equipment £ 000	Total £ 000	Buildings £ 000	Equipment £ 000	Total £ 000
Within one year	43	-	43	43	-	43
2-5 years	-	5	5	-	5	5
After 5 years	1,561	-	1,561	1,554	-	1,554
	<u>1,604</u>	<u>5</u>	<u>1,609</u>	<u>1,597</u>	<u>5</u>	<u>1,602</u>

29 Contingent liability

The University from time to time receives claims from contractors re construction contracts. Amounts due at the year end cannot be estimated reasonably and management believe that they are not material to the Financial Statements.

30 Pensions

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

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

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

	2010	2009
	£ 000	£ 000
Total pension costs included in staff costs for the year		
Teachers Pension Scheme: contributions paid	1,335	1,337
Church of England Pension Scheme: contributions paid	5	3
North Yorkshire County Council Superannuation Fund: charge to the Income & Expenditure account (Note 30 a iii)	1,093	1,294
Enhanced pension charged to the Income & Expenditure	-	23
	<u>2,433</u>	<u>2,657</u>

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

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

i) The 2007 valuation

The North Yorkshire County Council Superannuation Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The 2010 valuation has not yet been finalised, so the latest actuarial assessment of the North Yorkshire County Council Superannuation Fund available was at 31st March 2007. That assessment was based on the following assumptions:

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

The actuarial valuation showed the market value of the scheme's assets was £1,266 million (2004: £765.8 million) and that the actuarial value of these assets represented 67.8% (2004: 59.4%) of the past service benefits that has accrued to members after allowing for expected increases in earnings.

30 Pensions (continued)

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

ii) The valuation as at 31st July 2010

Under the definitions set out in FRS 17, the North Yorkshire County Council Scheme is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of the fund's assets and liabilities for non-academic staff as at 31st July 2010.

It is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31st July 2010 by an independent actuary. The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31st July 2010.

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

The actuarial assumptions made for this valuation were:

	Start of the year	End of the year
Rate of inflation	3.70%	2.70%
Rate of increases in salaries	5.45%	4.95%
Rate of increases in pensions	3.70%	2.70%
Discount rate	6.30%	5.50%

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

		Start of the year	End of the year
Retired today	Males	21.2	21.2
	Females	24	24.1
Retiring in 20 years	Males	22.2	22.2
	Females	25	25

30 Pensions (continued)

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

ii) The valuation as at 31st July 2010 (continued)

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

	Long- term rate of return at 31st July 2010	Value at 31st July 2010	Long-term rate of return at 31st July 2009	Value at 31st July 2009	Long-term rate of return at 31st July 2008	Value at 31st July 2008
		£000		£000		£000
Equities	7.50%	14,401	7.50%	11,155	7.50%	12,147
Government Bonds	4.20%	1,895	4.50%	1,647	4.80%	1,049
Other Bonds	5.10%	2,312	5.80%	2,004	5.90%	3,653
Cash	0.50%	341	0.50%	730	N/A	-
Other	N/A	-	N/A	-	7.50%	629
Total Market Value of assets		18,949		15,536		17,478
Liabilities		(30,672)		(28,535)		(28,392)
Deficit		(11,723)		(12,999)		(10,914)

The market value of total fund assets at 31st July 2010 was £1,273 millions (£1,049 millions as at 31st July 2009).

iii) The results of the valuation at 31st July 2010, included in the Financial Statements

Charge to Income & Expenditure account

	2010 £ 000	2009 £ 000
Current Service cost	1,093	1,269
Curtailment cost	-	25
Staff costs	1,093	1,294

	2010 £ 000	2009 £ 000
Pension finance income / (costs):		
Expected return on pension scheme assets	(992)	(1,190)
Interest on pension liabilities	1,820	1,710
Interest payable	828	520

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

	2010 £ 000	2009 £ 000
Actuarial (gains) / losses on pension scheme assets	(1,805)	4,043
Experience gains and losses arising on the scheme liabilities	-	-
Actuarial (gains)/losses on pension scheme liabilities	1,789	(2,769)
Actuarial (gains) / losses recognised in STRGL	(16)	1,274

30 Pensions (continued)

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

iii) The results of the valuation at 31st July 2010, included in the Financial Statements (continued)

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

	£ 000	£ 000
Past service credit	(2,181)	-

In June 2010 the Government changed the minimum level of increase for pension benefits. This changed from the Retail Price Index to the Consumer Price Index.

This reduces the expected value of benefits earned to date, which reduces the University's share of the deficit in the scheme.

This has resulted in a one off non-recurring past service credit in relation to the North Yorkshire Superannuation Scheme of £2,181,000.

The University has considered the scheme rules and associated members' literature and has concluded that this change is a revised actuarial assumption about the level of inflation indexation that should be assumed.

The resulting gain has therefore been recognised through the Statement of Total Recognised Gains and Losses (STRGL) rather than in the income & expenditure account.

At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010.

Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Movement in deficit during the year	£ 000	£ 000
Deficit in the scheme at 1st August 2009	12,999	10,914
Current service cost	1,093	1,269
Employer contributions	(1,000)	(1,003)
Past service costs	(2,181)	-
Curtailment costs	-	25
Net interest / return on assets	828	520
Actuarial loss	(16)	1,274
Deficit in the scheme at 31st July 2010	<u>11,723</u>	<u>12,999</u>

30 Pensions (continued)

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

iii) The results of the valuation at 31st July 2010, included in the Financial Statements (continued)

	2010	2009
	£ 000	£ 000
Analysis of the movement in the present value of the scheme liabilities		
At beginning of the year	28,535	28,392
Current service cost	1,093	1,269
Interest cost	1,820	1,710
Contributions by scheme participants	424	412
Actuarial gains and losses	1,789	(2,769)
Benefits paid	(808)	(504)
Past service cost	(2,181)	-
Curtailments	-	25
At end of the year	<u>30,672</u>	<u>28,535</u>

	2010	2009
	£ 000	£ 000
Analysis of movement in the market value of the scheme assets		
At beginning of the year	15,536	17,478
Expected rate of return on scheme assets	992	1,190
Actuarial gains and losses	1,805	(4,043)
Contribution by the employer	1,000	1,003
Contributions by scheme participants	424	412
Benefits paid	(808)	(504)
At end of the year	<u>18,949</u>	<u>15,536</u>

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

	2010	2009	2008	2007	2006
Difference between the expected & actual return on assets:	(1,805)	4,043	(3,538)	935	1,003
Percentage of scheme assets	(9.53%)	26.02%	(20.24%)	4.90%	6.02%
Experience gains and losses arising on the scheme liabilities	-	-	-	-	(439)
Percentage of scheme liabilities	0.00%	0.00%	0.00%	0.00%	2.00%
Total amount recognised in STRGL	(2,197)	1,274	(6,087)	979	(184)
Percentage of scheme liabilities	(7.16%)	4.46%	(21.44%)	4.17%	0.90%

30b The Teachers' Pension Scheme

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

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

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

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

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

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

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

The last valuation of the TPS related to the period 1st April 2001 – 31st March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1st January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives:

- The standard contribution has been assessed at 19.75%, plus
- a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years).

That is a SCR of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time from the 2008 valuation - a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31st March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions.

31a Access Grants

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

	2009/10 £ 000	2008/09 £ 000
Income received	141	122
Interest added	-	1
	<u>141</u>	<u>123</u>
Disbursements	<u>83</u>	<u>160</u>

31b TDA Training Bursaries

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

	2009/10 £ 000	2008/09 £ 000
Income received	1,912	970
Disbursements	2,023	1,002

31c TDA Ethnic Minority Recruitment Funding

In the year, the University received income of £4k (2009: £9k) from the TDA for Minority Ethnic Recruitment Funding. A total of £4k (2009: £14k) was spent in the year. The brought forward balance of £1k was recovered by the TDA during the year.

32 Related Party Transactions

The University made a grant to the York St John Students' Union of £226,240 (2009: £216,240) and charged rent of £12,991 (2009: £10,992).

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

	Creditor £	Income £	Expenditure £
North Yorkshire County Council	-	5,447	22,111
University of Leeds	1,140	29,999	52,554
City of York Council	3,288	65,137	64,480
Yorkshire Film Archive	-	26,479	37,665
Diocese of York	-	-	14,419
National Centre for Early Music	-	-	14,513
Archbishop Holgate's School	-	-	33,402
UCAS	-	-	30,743
Yorkshire Universities	-	-	5,810