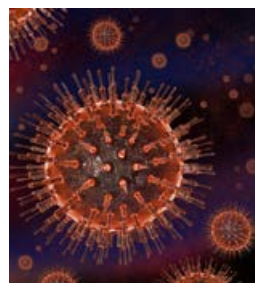
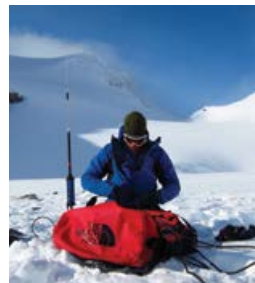


# Annual Report and Financial Statements

# 2015





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# Introduction

*Since our inception in 1963, the University of York has become a globally recognised research-intensive university. This is the result of consistent commitment to excellence in teaching and research and to the application of our research for the benefit of people and society. York has been a pioneer in developing new academic thinking, influencing policy and driving discovery across the range of our disciplines.*

Our determination to foster excellence has resulted in numerous accolades, including twice being awarded the title of University of the Year, joining the Russell Group, achieving tenth for the impact of our research in the 2014 Research Excellence Framework, and, most recently, being placed eighth in the UK for teaching quality.

The University's major investment in the campus in the last decade provides world-class research and teaching facilities and student accommodation. York is home to over 15,000 students and has over 30 departments and research centres on campus. Our Science Park co-locates fledgling and established businesses, while York Sport Village offers excellent facilities and sports training opportunities for the University and city community.

The University has a particularly strong ethos of inter-disciplinary teaching and research. Our new research and teaching and learning strategies re-emphasise that solving global challenges requires us to harness different experiences and expertise from many different disciplines. We can and are playing a key role in delivering research to tackle problems such as conflict, global health, climate change, and understanding our society, and we are seeking to extend our cultural impact. But we also have a key role to play in educating tomorrow's leaders – the people who will help to solve problems that have not yet even been identified – by ensuring our curriculum is flexible and challenging, and inspiring our students to become independent critical thinkers.

We see the value of this philosophy every day when we meet our graduates. They demonstrate their ability to challenge the norm, to ask the right questions and to find answers.

The University of York has by now inspired nearly 100,000 people to cross continents and to embrace almost every imaginable profession, and, most importantly, to contribute to society.

Our new University Strategy reiterates the importance of excelling in all that we do. This is manifested in our belief in investing in our students and staff. The Strategy sets out clearly the core principles which make York such a strong university:

- continuing to attract and invest in world-class academic research staff to develop inter-disciplinary research with impact;
- delivering a York pedagogy that defines learning outcomes through carefully designed programmes that enable students to become independent critical thinkers;
- investing in the student experience to provide our students with a raft of opportunities to enhance their personal and career development.

The University of York – in common with the UK HE sector – is now operating in a globally commercial and competitive marketplace. Despite this, we have increased our student recruitment and maintained our position as one of the premium destinations for high-quality students in the UK. But we are not complacent: to continue to be successful, we must be agile, flexible and innovative.

That is why we will continue to seek partnerships with other universities, business, industry and our alumni community. We will continue to invest in our campus to provide innovative teaching spaces, welcoming accommodation, accessible

## Chancellor of the University of York

**Dr Greg Dyke** stood down as our Chancellor in July 2015 after 11 incredibly successful years. Greg has been an outstanding ambassador for the University, hugely popular with our students and staff. Greg will, as a Morrell Fellow, continue to play an active role in the life of the University in the future. His time as our Chancellor will be commemorated through the redevelopment of a central part of campus which will be named Greg's Place in his honour and will act as a community hub for our students, staff and visitors.

**Professor Sir Malcolm Grant** has become the University's sixth Chancellor. He is a distinguished lawyer and land economist, the former President and Provost of University College London, a former Chair of the Russell Group of research-intensive universities, and the Chair of NHS England. We are fortunate that York is able to attract such a distinguished individual as its Chancellor and we look forward to working with Sir Malcolm in the coming years.

and flexible study spaces, and excellent research facilities. We will continue to seek new ways to diversify our portfolio of programmes and our ability to attract the best students from all over the world. We will also strive to diversify our income-generating activities, including the development of a new International Pathway College which will provide opportunities for international students to study foundation programmes before progressing to York undergraduate and postgraduate programmes.

We will also continue to work with city and regional partners including the City of York Council, the Local Enterprise Partnerships and our colleagues in the N8 and White Rose University consortia, to contribute to the economic, social and cultural development of the city of York and the North of England.

The University of York is a community of committed individuals dedicated to the collective effort to make our world a better place through education and research. We want to pay particular tribute to two key individuals who have helped York achieve a leading international position:

- Dr Jane Grenville, who served the University in a variety of positions, including most notably as Head of the Department of Archaeology, Deputy Vice-Chancellor and Acting Vice-Chancellor, and who retired in September 2015;
- Graham Gilbert, who served as the University's Director of Finance for more than 25 years and who oversaw the very complex and effective financial arrangements that enabled us to double the size of our campus, thus providing us with the ability to increase our student capacity and deliver new programmes. Graham retired in December 2014.

We also want to welcome two new individuals who will help us deliver our strategic ambitions:

- Professor Saul Tendler, our new Deputy Vice-Chancellor, who joined us in September 2015 from the University of Nottingham, where he served as Pro-Vice-Chancellor for Research and held a Chair in Biophysical Chemistry. At York, Professor Tendler will play a leading role in the implementation of the new University Strategy, and in academic planning and enhancing international links, as well as representing the Vice-Chancellor and the University;
- Jeremy Lindley, our new Director of Finance, who joined the University in November 2014 and oversees the University's finance strategy, with a particular focus on ensuring financial and operational effectiveness and resilience.

Universities are ultimately reliant on their staff and students to create an extraordinary environment in which the boundaries of knowledge are constantly tested, challenged and expanded. We want to pay tribute to the hard work, creativity and strong community spirit of all our staff and students and our global alumni community. Together we are making a difference.

**Sir Christopher O'Donnell, Chair of Council,  
and Professor Koen Lamberts, Vice-Chancellor**

# The University's year: a business review

*The year represented one of continued transition for the UK Higher Education sector, with a deregulated domestic marketplace, combined with ongoing structural change in the way UK Higher Education is funded. This structural change in University funding, along with our strong student recruitment performance, is best illustrated by the £18m increase in home/EU undergraduate tuition fee income in 2014/15. The University now receives 46 per cent of its funding through tuition fees, with the Higher Education Funding Council for England now providing only 13 per cent of total University income.*

## New University Strategy

The Council approved a new University Strategy during the year. The Strategy was the culmination of a University-wide review, led by the Vice-Chancellor, in order to prepare for the next 15 to 20 years of the University's development. The Strategy combines our core mission of teaching and research with an absolute aspiration to excel, and places our students at the heart of all that we do. Specifically, it underlines our commitment to research leadership through the identification of seven key research themes. It places an increased focus on postgraduate research students through the development of the York Graduate Research School and the continued development of a truly transformational student experience through the enhancement of the University's research-led teaching and learning, emphasising the articulation of a specific York pedagogy applied to all of our programmes. The Strategy sets out a blueprint to provide students with an outstanding and valuable experience by facilitating immersive participation in University and College life in order to prepare them for further study, research or graduate employment. It also demonstrates our commitment to enhancing student community life by encouraging students to participate in sport and carefully designed extra- and co-curricular activities to further broaden their skills.

The Strategy sets out three enabling objectives to increase the resources focused on these goals, recognising the need for further growth in research and student numbers, improved efficiency and effectiveness, and the enhancement of relationships with regional, national and international partners. The delivery of these outcomes has commenced with the creation of three Faculties, the launch of the York International Pathway College and the establishment of the York Graduate Research School. Further work to achieve these aims will be delivered in accordance with the Strategy implementation plan. Significant work is under way to deliver improvements in the support given to academic staff, the alignment of planning and resource allocation processes with the Strategy, a review of income generation, efficiency and effectiveness led by the Vice-Chancellor, and an intention to develop a funded programme to renew the University's Heslington West campus. This campus renewal programme includes the development of new college facilities, improved accommodation for research, academic and teaching activities and enhanced student accommodation; it is a substantial undertaking that may take several years to deliver. An acceptable balance between renewing the campus, continuing to improve research outputs, and improving the student experience and outcomes is one that will be continually monitored and reviewed.

## National economic context

The University Strategy has been conceived against a backdrop of a programme of austerity and gradual recovery from the turmoil caused by the economic crisis of 2008/09. The new Conservative government is committed to continuing the principle of austerity developed by its Coalition predecessor and as a result it is probable that universities will need to operate in a resource-constrained environment over the period of this Parliament. A substantial reduction in grant income is clearly a prospect: the Higher Education Funding Council for England (HEFCE) has already announced £150m of cuts in 2015/16. As a consequence, an actionable risk exists that the University will see a reduction in the resources available to it from the government.

More positively, the new government's Budget in July 2015 also indicated that universities would be allowed to index-link the undergraduate fee cap from 2017/18 subject to the universities satisfying conditions yet to be determined in a Teaching Excellence Framework.

Given this uncertainty, the University continues to plan its resources on a contingency basis, allowing flexibility and room for manoeuvre.

## Research Excellence Framework outcome

The outcome of the 2014 Research Excellence Framework (REF) exercise has confirmed the quality and impact of research undertaken, with York ranked 14th overall for grade point average and 10th for impact in the UK. The excellent results were achieved across a broad range of disciplines, underlining the importance of the research themes described in the University Strategy. From a financial perspective, the results underpin the £24m of HEFCE Quality of Research funding received this year. Despite our excellent performance in the REF, the University has seen a decline in funding of £1.1m following the evaluation, mainly because across the sector universities submitted more qualifying research output submissions than they did in the Research Assessment Exercise in 2008.



### Domestic students and student number control

The 2014/15 financial year has seen the first cohort of students who paid the higher fee (introduced in 2012) complete their undergraduate studies. All home and European Union (EU) undergraduate students on three-year programmes now pay a £9,000 tuition fee. The fee levels have brought competitive challenges for universities in terms of meeting and surpassing students' expectations. The University continues to work to fully meet our students' expectations and to deliver transformational opportunities to all our students. At the same time, the economic value of the fee to universities has declined with inflation; this reduction may be arrested following the July 2015 Budget, with the potential for fees to be index-linked from 2017/18, with a yet-to-be-determined link to teaching quality. While the prospect of being able to keep pace with inflation is welcome, there has been an erosion of fee income in real terms since 2012, and our experience of cost inflation means that we must continue to maintain a focus on increasing value for money and on how we prioritise the allocation of resources across the University's activities.

Domestic student number controls have been lifted for the 2015/16 undergraduate intake and this move, although welcome from a student choice perspective, is sure to increase competition for students among universities at all levels of tariff, and heighten the importance of the clearing process during student recruitment. This competition will bring welcome flexibility for students in the short term but does risk increased levels of instability for universities in the longer term, a factor of concern given the infrastructure investments that universities need to incorporate into their plans.

### International students

Students from outside the EU have provided an important driver of growth across the University over the last 15 years. The University plans to build on this with the establishment of an International Pathway College (IPC) in collaboration with a third-party provider. The IPC will offer Foundation, pre-Masters and English language courses for overseas students who will then progress to taking undergraduate and postgraduate courses at the University. This form of pre-University education is a proven development, similar enterprises having been established elsewhere in the UK, and is a natural progression for York. The introduction of an IPC will broaden the mix of non-EU students across all disciplines and nationalities of origin, and provide our students with a broader and more international experience. Financially, this investment will take several years to come to maturity, but it is designed to reduce the risks associated with traditional approaches to overseas student recruitment and to materially enhance the level of financial resources at the institution.

There is some bafflement in the sector at the Home Office's seeming antipathy towards students coming to the UK from outside the EU, with more positive views on overseas student recruitment being expressed by both the Treasury and the Department for Business, Innovation and Skills. The University, while empathising with the concerns of the Home Office in relation to the longer-term potential impact on migration numbers, believes that greater weight ought to be

given to the positive impact on the UK economy of bringing academically excellent students from around the world. This is in addition to the cultural and political advantages to the UK of having the world's future leaders educated in a liberal and progressive environment and the reduced financial support the government needs to provide to maintain the world-leading excellence of UK Higher Education as a consequence of overseas students' presence at UK universities. The University regards the expansion of our overseas student cohort as a strategically important economic and academic target for us.

### Cost control and efficiency

In common with all universities, our most significant expenditure relates to the employment of our staff, accounting for 56 per cent of expenditure in 2014/15. Our staff costs are set to rise with inflation and incremental progression, but will also come under pressure from increases in both employer's National Insurance and employer contributions to the Universities Superannuation Scheme (USS).

The pressure on costs, and the potential impact of the 2015 Comprehensive Spending Review (CSR) on funding, has led the University to seek new activities to increase income and control costs. We are already evaluating the effectiveness of the academic and service aspects of our organisation, with a view to yet further improving our efficiency. It is clear that improvements will be required in the efficiency and effectiveness with which we deliver our internal services and, of course, the procurement of those services we buy in. The University will protect its strategic and charitable objectives as it improves its processes and resource-generation capacity, but it will need to consider whether all activities fall within the scope of these objectives. The University will continue to target academic excellence within a growing and financially sustainable University.

### Risk and uncertainty

The University monitors and takes action to mitigate risks which threaten the achievement of its strategic objectives, have consequences for the welfare of students, staff and other visitors, or have the potential to lead to material operational disruption to University activities.

The biggest financial challenge to the University comes from potential changes to government funding arrangements for the sector as a consequence of the forthcoming CSR. The University is likely to see further reductions in the Funding Council's support and pressure on Research Councils being transmitted into the University's research activity. The University's future plans are being prepared in the light of this threat and the uncertainty it brings.

International fee income remains strong, but this continues to be a long-term risk for the University in the light of economic changes, government policy on border control and exchange rate movements. The University is seeking to mitigate this risk with the opening up of new recruitment channels to overseas students, in particular with the development of an IPC.

The outcome of the proposed referendum on UK membership of the EU is also a threat which the University is closely monitoring. A vote to leave the EU could lead to the loss of EU research income and cause a reduction in the number of EU

students who benefit from the University's undergraduate and postgraduate programmes.

The development of research performance is at the core of the new strategic plan, and actions and investments are under way to align research activities with the University Strategy. The University achieved a strong set of results in the 2014 REF. The proportion of research activity of world-leading 4\* status is among the highest of any UK university, and eight of our departments were ranked in the top five for their subject, while 12 were in the top 10 in terms of impact, with Biology ranking first and Social Policy and Social Work equal first. The loss of research support from the EU and a reduction in research support from the UK government will potentially weaken the level of research activity at the University and in the wider Higher Education sector.

The FRS 17 pension deficit for the University of York Pension Fund (UoYPPF) increased in the year to £17m, reflecting the weakening of bond yields in the last year and discount rates applied to liabilities more than offsetting a strong asset performance during the year. The USS triennial actuarial valuation (31 March 2014) revealed increasing unfunded liabilities. USS is therefore introducing higher contribution rates and changes to the benefit package for its members. However, defined benefit pension schemes remain a major risk for the University, which monitors these schemes regularly and ensures financial plans make appropriate provision for these liabilities.

The University is alive to the need to continue to invest in its estate to maintain its competitive position and to provide scope for growth, while maintaining high levels of academic excellence. Investment in the University's Heslington West campus is a priority and a long-term plan for its improvement is in development. Estate planning is a long-term exercise and is best conducted in a stable financial environment. The current financial environment, with its uncertainties around UK government support and the role of the EU, limits the extent to which the University can invest in capital infrastructure while retaining contingencies to balance against this future uncertainty.

It is imperative that the University maintains a strong financial performance, both to provide funds for future investment and to manage the funding uncertainties. The above factors could have a major impact on the finances and academic activities of the University. The Council, through the Senior Management Group of the University, has put in place measures to continue the improvement in cash generation while mitigating the adverse impact of future risks and uncertainties.

### Prospects

The development of the University continues through the adoption of the new University Strategy which emphasises the importance of academic learning and research. The creation of the IPC should increase the number of overseas students studying at the University and the removal of student number control will provide opportunities for expansion that were previously not available to the organisation.

The University estate continues to be developed to accommodate the increased student numbers and range of

activities undertaken. On the Heslington East campus, the Piazza building is due to be constructed to accommodate IPC students, and on the Heslington West campus, a new teaching building and a building for the Environment Department are planned.

The University Strategy envisages ongoing growth for the University in both teaching and research activities over the coming years. This growth will lead to higher levels of academic excellence and greater economies of scale. This growth will be achieved through the development of increased and more diversified income streams and with a focus on improved efficiency and effectiveness in the University's operations.

### Going concern

The University ended the year with cash resources of £34m. The budget for 2015/16 continues to show a surplus and forward cash forecasts demonstrate adequate available financial resources. No material uncertainties that cast doubt on the ability of the University to continue as a going concern have been identified by the Council.

### Conclusion

The University achieved a strong financial performance in 2014/15 but continues to face significant challenges in the coming years. At the same time as the funding arrangements for the Higher Education sector are changing, the University will adapt to any new funding environment, continue to enhance the estate, invest in student experience and maintain excellent learning and research standards. However, it is undoubtedly true that higher levels of funding and an improved level of certainty would provide the University with a greater capacity to invest in students, research and the economic growth of the UK.

### University key facts

- Total students: 15,472
- Total staff: 3,912
- Income: £331m
- Research income: £62m
- Ranked 14th overall in the 2014 Research Excellence Framework and 10th in the UK for impact
- The University now holds 12 Athena SWAN awards for commitment to women in science, including two gold awards, for the Department of Biology (2015) and the Department of Chemistry (award renewed in 2014)
- The Learning and Development Team won their third Times Higher Education Award in five years for Outstanding Contribution to Leadership Development
- Times Higher Education Leadership and Management Award for best Development and Alumni Relations team

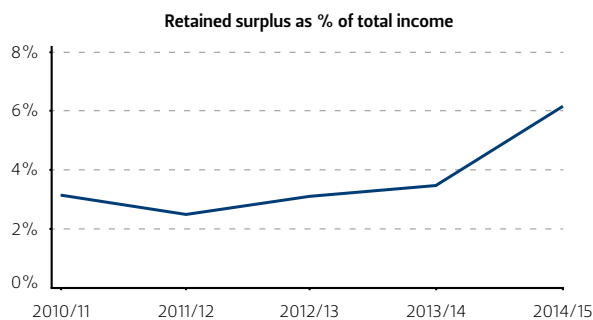


# Key financial performance indicators

The University's key financial performance indicators are as summarised below. Information on the University's teaching and research performance can be found at [www.york.ac.uk](http://www.york.ac.uk).

## Retained surplus compared to total income

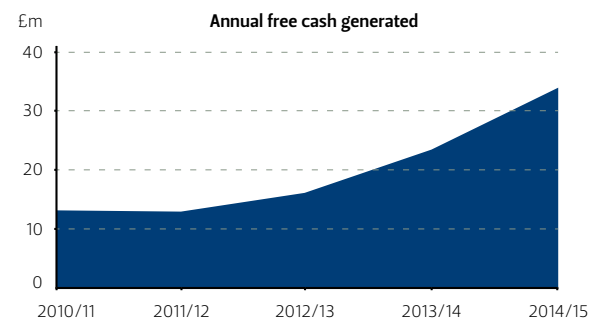
The University's surplus is a key measure of its ability to sustain its operations and to develop its activities. The ratio has increased as the 2014/15 retained surpluses are higher than in previous years, due to changes in the tuition fee funding regime, increased research activity and net gains of £4m. The non-recurrent gains arising from RDEC claims, VAT reclaims and the sale of surplus property are offset by the recognition of a permanent reduction in investment property values.



## Cash generation

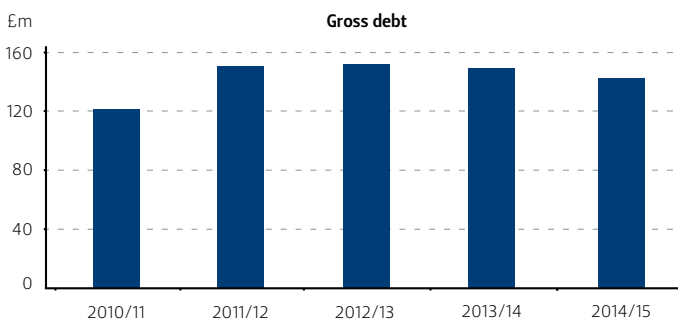
The cash inflow from operations is key to the sustainability of the organisation as it facilitates the investment in core activities. The University generated over £30m from its operations in 2014/15, an increase of £3m on the previous year.

Free cash is defined as the annual cash movement plus net capital expenditure plus net loans paid/repaid.



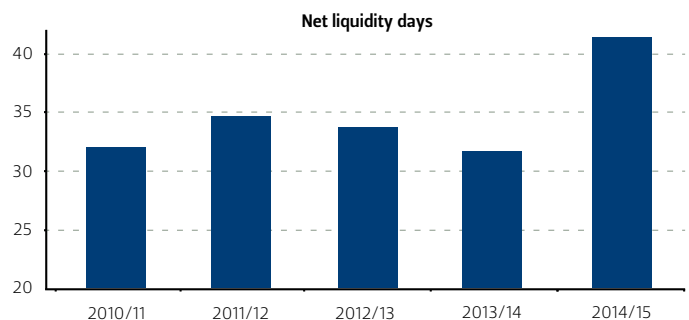
## Debt position

The University has financed the construction of new buildings and infrastructure using debt finance. The monitoring of the loan covenants and debt position is therefore an important aspect of University finances. The total amount owed to lenders at the end of each financial year is set out below. During 2014/15 the University repaid the Bayerische Landesbank loan (£4m) early and continues to make scheduled capital repayments for the loans with European Investment Bank, Royal Bank of Scotland and Salix. In addition, new interest-free loans have been established with Salix to finance energy efficiency schemes.



## Net liquidity

Net liquidity compares the annual expenditure of the University with the cash balances held at the year end. The University has historically operated with low cash holdings. In 2014/15 the year-end cash and investment balances increased to £34m, an increase of £10m over the balances held at 31 July 2014. The year-end balance is unusually high due to the receipt of £7m in July 2015 which was paid out to our partners on a research contract in early 2015/16.



# Financial review

The University continues to generate surpluses which are being reinvested in the students, academic staff and infrastructure of the institution. The operating surplus of £18m is the highest ever recorded by the University and is more than double the previous year's result. The improvement is due to strong student recruitment, increased research income and the fact that all home and European Union students on undergraduate programmes now pay the £9,000 tuition fee.

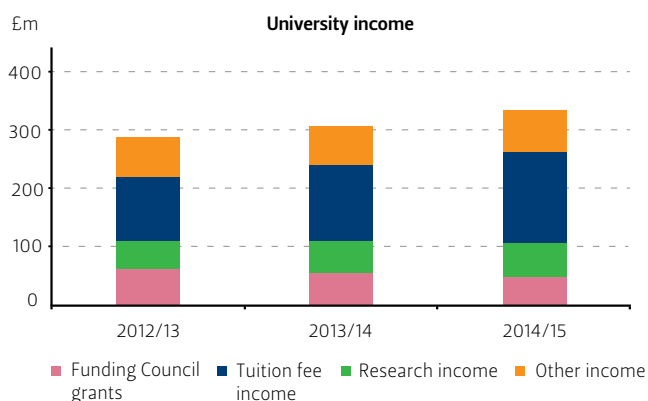
## Income and expenditure summary

	2014/15 £m	2013/14 £m	2012/13 £m	2011/12 £m	2010/11 £m
Income	331	305	287	257	255
Expenditure	313	297	280	253	250
Operating surplus	18	8	7	4	5

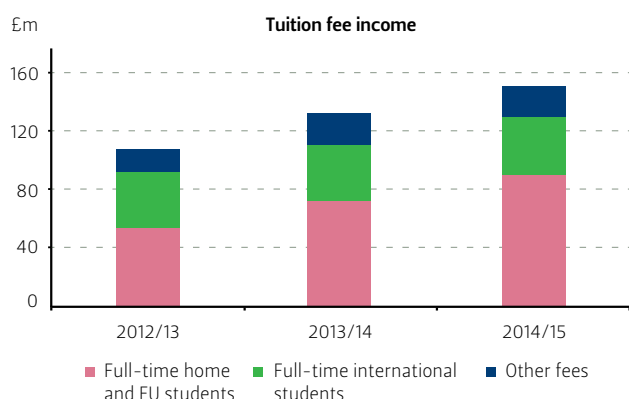
## Income

University income increased by £26m (9%) to £331m compared to 2013/14 levels, with £21m of the increase being driven by increased income from tuition fees.

The Funding Council grant income continues to decline and now represents just 13% of University income (2013/14 16%). The reduction is attributable to the government's policy of transferring the funding of undergraduate education to students.



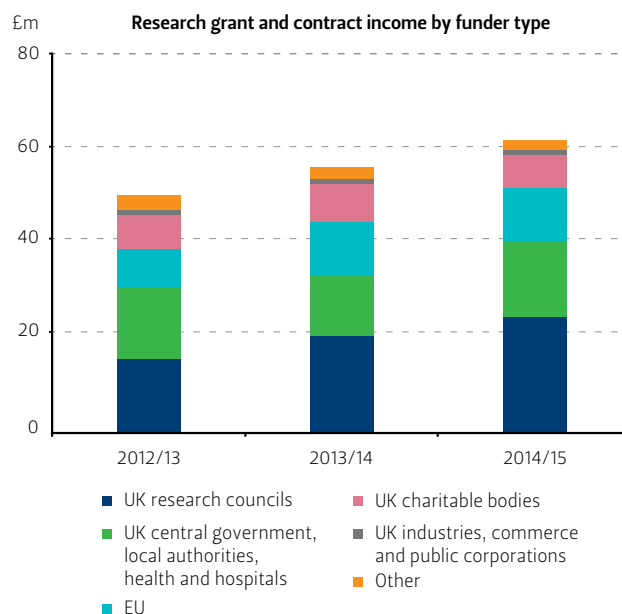
Tuition fees have expanded considerably over the last five years with the increase in tuition fees for UK and EU students and now amount to £152m (45%) of total income. In addition, there has been continued growth in tuition fees paid by international students due to sustained efforts in overseas markets by our educational agents and University recruitment staff.



The numbers of students studying at the University have marginally increased by 142 over the previous year to 15,472. 2014/15 is the final year that HEFCE student number control applies to the number of home/EU students that the University can admit to study.

Research income amounts to £62m and represents 19% of total income. The income increase of £6m is due to the continued success in winning grants from the UK Research Councils and the EU. In 2015 research income has additionally benefited (£3.4m) from the Research and Development Expenditure Credits (RDEC) claims. These credits were available until 31 July 2015 to universities which conduct relevant research and development.

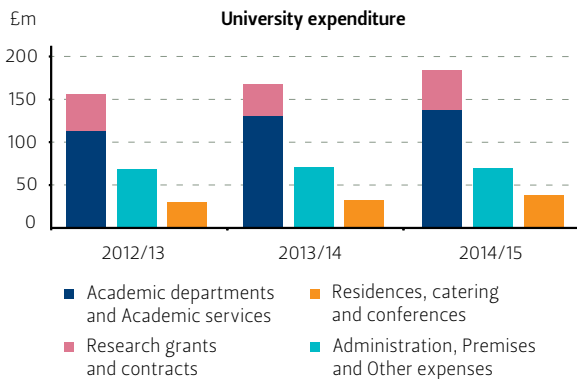
The new University Strategy, backed by the strong performance in the 2014 Research Excellence Framework, provides the focus for the development of this area of activity.



The continued growth in residential and catering income reflects the expansion in the number of rooms available as new college accommodation blocks (Goodricke, Langwith and Constantine) have been constructed.

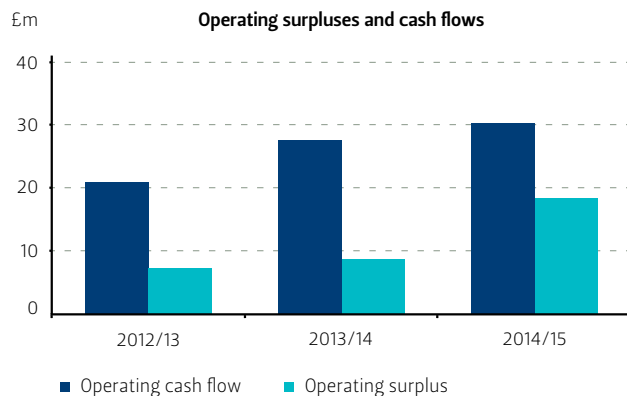
### Expenditure

Staff costs and operating expenditure have increased by £15m (5%) to £285m from £270m. The majority of the increase is attributable to academic areas where additional staff have been recruited and costs incurred to support the core teaching and research activities of the University. Student scholarships, bursaries and reductions in accommodation fees which are distributed under the University's Office for Fair Access Agreement have increased to £7.0m from £5.1m in 2013/14. The opening of Constantine College in September 2014 has increased residential expenditure. Administrative, premises and other expenses have been contained.



### Surplus

The University operating surplus has increased by £10m to £18m in 2014/15. The increase is due to rises in tuition fees and research income, combined with the containment of administration costs. In addition, there have been several one-off items that are not likely to recur including RDEC claims and the sale of surplus properties (Constantine House).



### Cash flow

The University has improved its cash generation annually since 2012 and now continues to generate healthy cash inflows which are available for reinvestment in the estate and infrastructure.

Operating cash increased in 2014/15 by £3m to £30m and this is due to improved surpluses and working capital movements.

### Balance sheet

The University has invested £30m in the year on developing its estate. The major construction projects are:

- Athletics track and associated sports facilities
- Biology Phase 2 building
- York Plasma Institute extension
- Biomedical Sciences building
- Constantine College building.

The University operates with net liabilities, which reflects the fact that all cash generated is reinvested in the strategic mission of the University.

During 2014/15 the University took the opportunity to repay the Bayerische Landesbank loan early to reduce the future cost of debt finance. The University has several banking covenants which require operating cash flows to be at least 110% of recurrent debt service cost; outstanding debt to be less than 65% of University revalued assets; and debt service costs to be less than 5% of income. The University has complied with these covenants during 2014/15.

The University operates several pension schemes for its staff. The largest, USS, is in the process of establishing a recovery plan to finance its actuarial deficit. This plan increases contributions from the University and its employees, and at the same time changes the basis of the benefit calculations from final salary to career average for its members. Under the new accounting framework (FRS 102), the University's share of the USS past service deficit will appear on the University's balance sheet from 2015/16.

The UoYPF has an FRS 17 actuarial deficit at 31 July 2015 of £17m, an increase of £11m from the 31 July 2014 deficit of £6m. The majority of the increase is due to the discount rate being applied to the benefit obligations reducing in line with corporate bond rates from 4.2% to 3.6%.

# Corporate governance

*The University is an independent corporation with charitable status established by Royal Charter. Its objectives, powers and framework of governance are defined in the Charter and supporting Statutes. The University is committed to best practice in all aspects of corporate governance and has formally adopted the core values and principles set out in the new Higher Education Code of Governance (the Code) as issued by the Committee of University Chairs (CUC) in December 2014.*

The University's governing body, the Council, is responsible for the administration of the revenue and property of the University, and, in accordance with the Charter, has 'general control over the University and its affairs, purposes and functions'. The Council also has overarching responsibility for the University's system of internal control and for reviewing its effectiveness. Having adopted the voluntary CUC Governance Code when it was first issued in November 2004, the Council has in the last year undertaken a self-assessment against the new version of the Code and remains satisfied that the governance of the University is consistent with its provisions, in particular the 'seven primary elements of governance' it identifies.

The Council's annually updated schedule of business is closely linked to its formal Statement of Primary Responsibilities, which was updated in 2015 to be fully consistent with the new Code. These responsibilities are now as follows:

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To delegate authority to the Vice-Chancellor as head of the University and to establish and keep under regular review the policies, procedures and limits within which such authority is exercised.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, with a formal review at least once every five years.
6. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the reputation and values of the University.
8. To appoint the Vice-Chancellor (in consultation with the Senate), put in place suitable arrangements for monitoring his/her performance and set appropriate remuneration (through the Remuneration Committee).
9. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.

10. To be the accountable financial and business authority of the University, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
11. To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
12. To receive assurance that adequate provision has been made for the general wellbeing of students.
13. To ensure that any property, legacy, endowment, bequest or gift made to the University is used to support its work.
14. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

In order to support the fulfilment of these responsibilities, the Council also approved an assurance mapping document which identifies the forms of reporting and delegation underpinning each area of its responsibility. From 2016 it will use both these documents as the basis for its annual assessment of its own effectiveness in order to ensure that it continues to 'add value' as the University's governing body.

In operational terms, the Council meets four times a year with an additional strategic away-day at the start of each academic year. It has several sub-committees, including a Nominations Committee (Chair: Chair of Council), a Remuneration Committee (Chair: Chair of Council), a Finance and Policy Committee (Chair: the University Treasurer) and an Audit Committee (Chair: an independent lay person). All of these committees are formally constituted with terms of reference and appropriate external membership.

The Nominations Committee considers nominations for lay member vacancies on the Council and its sub-committees, as well as considering nominations for honorary degrees.

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. In 2015 its terms of reference, constituency and modus operandi were reviewed in accordance with the enhanced requirements of the new Code in this area of considerable public interest.

The Finance and Policy Committee monitors in-year financial performance against budget and considers questions of resource allocation, including capital expenditure priorities.

The Audit Committee, which comprises lay people not directly concerned with the financial management of the University, meets four times each year. At a joint annual meeting with the Finance and Policy Committee (Chair: the University Treasurer) it reviews the Annual Report and Financial

Statements. As part of this process it considers the University's response to the external auditor's annual management letter. As advised by the internal audit service, the Committee also reviews the effectiveness of the system of internal control, including risk management, and ensures that arrangements are in place to promote value for money. It considers the reports of the internal auditors, including their annual report, and discusses these with University officers, monitoring the implementation of recommendations. The Committee makes an annual report to the Council which is also submitted to the Higher Education Funding Council for England (HEFCE) in accordance with its Accountability and Audit Code of Practice.

The Council is also supported in the fulfilment of its statutory responsibilities by several other sub-committees covering the areas of equality and diversity, health and safety, and ethics.

With regard to risk management, the Council 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 2015 and up to the date of approval of the Annual Report and Financial Statements; and that it accords with the internal control guidance provided by HEFCE. The Council is assured that the identification and management of risk is an ongoing process linked to the achievement of institutional objectives. In addition to its receipt of reports from the Audit Committee, the Council itself considers the Corporate Risk Register in summary format, noting that the full detailed register is routinely considered and updated by the Senior Management Group (the main executive decision-making body, chaired by the Vice-Chancellor) and the Operations Group (a sub-committee of the Senior Management Group comprising the heads of support services, chaired by the Registrar and Secretary). The Council recognises that the application of risk management practices cannot eliminate all risk exposure, especially during a time of great change in the HE sector. It is acknowledged that ongoing governmental changes to the funding landscape (for example, removal of the student number cap from 2015) is creating a more uncertain environment in which all universities are striving to improve their competitive performance, and that there are inherent risks in this for all institutions. However, the Council is of the view that the University management has a clear understanding of these risks and is taking appropriate mitigating action where possible. As regards the primary financial risks, these have been clearly identified as maintaining sufficient levels of operating cash flow to support planned capital expenditure; sustaining student numbers in an increasingly competitive market; responsiveness to the wider economic environment; and contingency planning in respect of new financial reporting requirements.

During 2014/15, in addition to its consideration of key

institutional performance indicators (KPIs), the budget for the following year and the medium-term financial plan, the Council received executive reports from members of the Senior Management Group (SMG) and annual reports from various sub-committees. It also considered annual reports from the SMG and the Senate, as well as reports on the following specific topics:

- implementation of the new University Strategy, including the supporting Learning and Teaching and Research Strategies;
- development of a new Student Employability Strategy;
- future financial strategy in the context of borrowing limits, cash balances/generation and contingency planning;
- development fundraising and alumni relations;
- plans to develop a regional bioeconomy innovation cluster (Biovale) linked to the University's Biorenewables Development Centre;
- initiatives relating to the review and management of individual staff performance;
- possible funding options for a new building on the Heslington East campus in which to deliver a new international foundation programme;
- implications for Higher Education of the government's Summer Budget announcements (for example, inflation-linked rises in tuition fees for institutions' offering high quality teaching' and conversion of student maintenance grants to loans);
- implementation of the University Sustainability Strategy.

In addition to its close scrutiny of such matters, the Council signed off a number of formal approvals, including the appointment of the next University Chancellor, Professor Sir Malcom Grant, the establishment of a faculty structure and a Graduate Research School, the construction of a new teaching building on the Heslington West campus (£12m) and a new building for the Department of Biology (£16m).

Looking ahead to the 2015/16 academic year, the Council will continue to support the Vice-Chancellor in driving forward the ambitious new institutional strategy and will also undertake a full formal review of its own effectiveness and that of its committee sub-structure, in accordance with the requirements of the new Code.

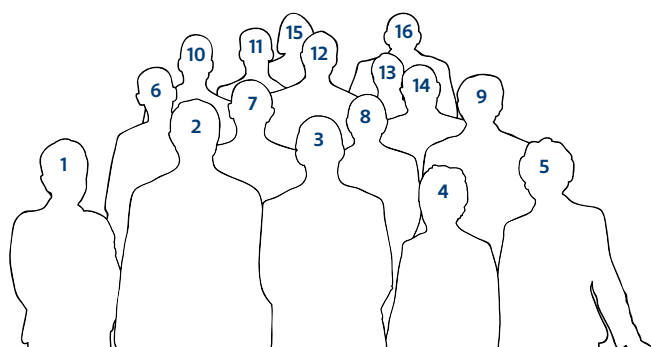




## Members of Council

### Pictured

1. Jenny McAleese
2. Sir Christopher O'Donnell (Pro-Chancellor and Chair)
3. Professor Koen Lamberts (Vice-Chancellor)
4. Dr Jane Grenville (Deputy Vice-Chancellor)
5. Maureen Loffill
6. Ben Leatham (Students' Union President from 1 August 2015)
7. John Lister
8. Mike Galloway
9. Deian Tecwyn (Pro-Chancellor)
10. Professor Peter Sells
11. Dr David Duncan (Registrar and Secretary)
12. Richard Armitage
13. Professor Lesley Stewart
14. Jeremy Lindley (Director of Finance)
15. Professor Deborah Smith (Pro-Vice-Chancellor)
16. Bob Hide



### Not pictured

- David Dickson (Treasurer)
- Jelena Horvatic (Graduate Students' Association President)
- Denise Jagger
- Sam Maguire (Students' Union President)
- Professor Richard Taylor
- Julia Unwin
- Lesley Wild (Pro-Chancellor)



# Statement of Council's accounting responsibilities

*The Council is required to present annual audited financial statements that are prepared in accordance with the University's Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards.*

Within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of York, the Council, 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 at the balance sheet date of the University of York and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of York will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the National College for Training and Leadership are used only for the purposes for which they have been given, and in accordance with the Financial Memorandum with the Funding Council and the Funding Agreement with the National College for Training and Leadership and any other conditions which the Funding Council or the National College for Training and Leadership 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 prevent and detect fraud;
- secure the economical, efficient and effective management of the University of York's resources and expenditure.

## Public benefit statement

The University has had regard to the Charity Commission's guidance on public benefit, as required by the HEFCE Financial Memorandum and the Charities Act 2011. The University provides public benefit principally through the teaching of undergraduate and postgraduate students and through the advancement of knowledge by research. The primary beneficiaries are the students who are directly engaged in learning at the University. Students are offered places solely on the basis of academic merit. The University attracts large numbers of students from non-traditional backgrounds. Other beneficiaries include: companies, public bodies and charities which employ York graduates; members of the local community who make use of University facilities, participate in continuing education courses and attend lectures, concerts and other events; and the wider public, which benefits from the University's world-leading contribution to research in the sciences, social sciences and humanities. The University also makes a significant contribution to the economy through knowledge transfer and by stimulating inward investment and business activity.

The University is committed to supporting students financially on the basis of need. It provides an extensive range of bursaries and scholarships, as well as a financial hardship fund for students.

Further details are available from our companion publication about public benefit, *Changing and Challenging our Futures: the University of York in the World*.

# Benefactors

We are grateful to the individuals, businesses and charitable trusts who have supported our teaching, scholarship and research over the last year. Our success in working in partnership with individuals and corporate donors during 2014/15 led to more donors than ever before choosing to help achieve our vision through philanthropic support, gifts in kind and volunteering time. This support is helping to make our campus an exceptional one in which to learn and live.

We would particularly like to thank our growing number of regular donors who commit to give monthly, quarterly or annually to help current students. These regular gifts help the University to plan ahead with confidence and in 2014/15 allowed the number of Achieving Excellence Bursaries awarded to be doubled.

The Deramore Circle, established in our 50th Anniversary year, gives special recognition to those who donate £500 or more

each year. We thank donors who have increased their giving to this level this year or have made their first gift. The Morrell Fellows are our growing community of benefactors whose gifts have significantly advanced the fabric and life of the University over a number of years. Each Morrell Fellow is an honoured and vital part of York's history.

The University would also like to thank those people who have made provision in their will to support the University, including our new pledgers this year. Individuals who pledge a legacy are invited to become members of the Heslington Circle, allowing recognition of the gift within their lifetime.

Finally, we would also like to express our gratitude to all alumni and friends who have given their time as volunteers during the year to support University initiatives and student and graduate employability.



Greg's Place, a brilliant new outdoor community space, supported by former Chancellor Greg Dyke during his final year in office, is under construction at the heart of our campus on Vanbrugh Piazza

# Independent auditor's report to the Council of the University of York

**W**e have audited the Group and University financial statements (the 'financial statements') of the University of York for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the Council 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 Council for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the University Council and Auditors

As explained more fully in the Statement of Council's accounting responsibilities set out on page 13, the Council 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 Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Notes:

(a) The maintenance and integrity of the University of York website is the responsibility of the University; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts Direction to Higher Education institutions for 2014/15 financial statements.

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

In our opinion, in all material respects:

- funds from whatever source administered by the 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 Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.
- the corporate governance and internal control requirements of HEFCE's Accounts Direction to Higher Education institutions for 2014/15 have been met.

## Michael Rowley

For and on behalf of KPMG LLP  
Statutory Auditor  
Chartered Accountants  
Birmingham

18 November 2015

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Statement of principal accounting policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and in accordance with applicable UK accounting standards.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2015. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. The results of joint venture entities and associates are included in the consolidated results on a gross equity basis.

The consolidated financial statements do not include those of the Students' Union and Graduate Students' Association because the University does not control those organisations.

## 3. Income recognition

Funding Council teaching and research grants are accounted for in the period to which they relate.

Fee income is credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for 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 of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as 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 is 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.

Non-recurrent grants in respect of the acquisition of land are treated as donations in the year and included in the income and expenditure account.

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 funds in the balance sheet.

## 4. Agency arrangements

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

## 5. Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets.

## 6. Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of sections 478-488 of the Corporation Tax Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478 of the Corporation Tax Act 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 purchases is included in the costs of such purchases. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any other commercial organisation.

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

## 7. Endowment assets

Endowment assets are held at market value. Any increase or decrease in value arising on the revaluation of endowment assets is added to or subtracted from the related endowment funds. The movement is reported in the statement of total recognised gains and losses.

## 8. Investment property

Investment properties are interests in land and buildings that are held for investment potential. They are held at valuation and not depreciated.

Any increase in value arising on the revaluation of investment property is credited to the revaluation reserve, via the statement of total recognised gains and losses. Permanent diminutions in value are charged to the income and expenditure account to the extent that they are not covered by previous revaluation surpluses. Temporary diminutions in value are carried forward as a negative revaluation reserve.

## 9. Land and buildings

Land and buildings are stated at cost.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements is added to the gross carrying amount of the tangible fixed asset concerned.

The cost of buildings includes the related interest cost incurred.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 50 years. Temporary buildings are depreciated over 10 years.

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

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

Repairs and maintenance 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.

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

## 10. Heritage assets

Works of art and other valuable artefacts (heritage assets) are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## 11. Equipment

Equipment costing less than £20,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Assets are depreciated over their useful economic life as follows:

- Equipment – up to 10 years
- Mechanical and electrical installations – 15–40 years
- Vehicles – 3–20 years.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the life of the asset.

## 12. Electronic resources

Electronic media which cost over £20,000 and are purchased outright are capitalised as fixed assets as control over the asset is normally obtained by the University. Annual licence agreements are treated as revenue expenditure as the University does not have control of the information due to copyright or similar conditions being applied.

## 13. Investments

Listed investments held as fixed assets are shown at market value. Investments in subsidiary undertakings are shown at cost less provision for impairment, and investments in associates are shown in the consolidated balance sheet at the attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

## 14. Stock

Stock is stated at the lower of cost and net realisable value.

Where necessary, provision is made for obsolete, slow-moving and defective stocks.

## 15. 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 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.

## 16. Foreign currency translation

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.

## 17. Financial instruments

The University uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



### 18. Joint venture entities and associates

Where the University has a long-term investment in an entity over which it exercises joint control with one or more other ventures, then the investment is treated as a joint venture.

Where the University has a participating interest in an entity over which it exercises significant operational and financial control, but which is not a subsidiary, then the investment is treated as an associate. The joint ventures are accounted for using the gross equity method, such that the University's share of the entities' gross assets and liabilities is incorporated into the consolidated balance sheet. Where a joint venture revalues its fixed assets or investment assets, then the University's share of the joint venture's revaluation reserve will appear in the consolidated revaluation reserve.

The University's share of joint ventures' net income is reported in the consolidated income and expenditure account. The joint ventures are included on the University balance sheet at cost.

### 19. Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

### 20. Charitable donations and endowment funds

Charitable donations are normally recognised in the income and expenditure account.

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

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

### 21. Retirement benefits

The University contributes to the Universities Superannuation Scheme (USS) and the University of York Pension Fund (UoYPF). Both schemes are defined benefit schemes but the USS is a multi-employer scheme and it is not possible to identify the assets of the scheme which are attributable to the University.

In accordance with FRS 17 Retirement benefits, the USS scheme is accounted for on a defined contribution basis and contributions to this scheme are included as expenditure in the period in which they are payable.

The University fully adopts FRS 17 for UoYPF. The cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur, through the statement of total recognised gains and losses.

A defined contribution plan has been established as the main auto-enrolment vehicle for University support staff. The investment of scheme contributions for this plan is managed by The People's Pension.

### 22. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits 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 are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a 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 are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.



# Consolidated income and expenditure account

## for the year ended 31 July 2015

	Note	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
<b>Income</b>			
Funding Council grants	1	43,391	48,817
Tuition fees and education contracts	2	153,112	132,235
Research grants and contracts	3	61,525	55,124
Other income	4	76,803	72,870
Profit on disposal of fixed assets	11	1,568	211
Endowment and investment income	5	3,232	3,145
<b>Total income of the group and share of income from joint ventures</b>		<b>339,631</b>	312,402
Less third party share of income from joint ventures	4	(8,224)	(7,024)
<b>Total income</b>		<b>331,407</b>	305,378
<b>Expenditure</b>			
Staff costs	6	175,771	166,048
Depreciation	7	22,279	21,195
Other operating expenses	8	109,003	104,052
Interest and other finance costs	9	5,937	5,929
<b>Total expenditure</b>		<b>312,990</b>	297,224
Operating surplus		18,417	8,154
Share of operating profit in joint ventures	13	1,415	1,196
Taxation (charge)/credit	10	(802)	10
Surplus after depreciation of assets and tax		19,030	9,360
Minority interest	25	(178)	2
Surplus		18,852	9,362
Transfer from accumulated income on endowment funds	21	1,384	1,112
<b>Surplus for the year retained within general reserves</b>	22	<b>20,236</b>	10,474

The group has no revalued assets which are depreciated and therefore there is no difference between the surplus as reported and the historical cost results. The consolidated income and expenditure account of the University and its subsidiaries relates wholly to continuing operations.

# Balance sheets

## as at 31 July 2015

	Note	Consolidated		University	
		2015	2014	2015	2014
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	11	394,804	386,111	348,018	345,136
Investments	12	1,121	1,647	31,324	24,682
Investment in joint ventures	13	14,231	9,114	11,975	10,912
<b>Total fixed assets</b>		<b>410,156</b>	396,872	<b>391,317</b>	380,730
<b>Endowment assets</b>	14	<b>10,254</b>	8,417	<b>10,254</b>	8,417
<b>Current assets</b>					
Stock		697	742	247	257
Debtors	15	40,097	34,567	45,297	44,709
Investments and short-term deposits	16	28,124	20,655	28,124	20,655
Cash at bank and in hand		5,827	3,411	4,018	836
<b>Total current assets</b>		<b>74,745</b>	59,375	<b>77,686</b>	66,457
<b>Creditors: amounts falling due within one year</b>	17	<b>(82,971)</b>	(68,708)	<b>(76,818)</b>	(64,112)
<b>Net current (liabilities)/assets</b>		<b>(8,226)</b>	(9,333)	<b>868</b>	2,345
<b>Total assets less current liabilities</b>		<b>412,184</b>	395,956	<b>402,439</b>	391,492
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(138,428)</b>	(146,074)	<b>(138,428)</b>	(146,074)
<b>Provisions for liabilities</b>	19	<b>(149)</b>	(88)	-	-
<b>Net assets excluding pension liability</b>		<b>273,607</b>	249,794	<b>264,011</b>	245,418
Net pension liability	30b	(17,232)	(5,976)	(17,232)	(5,976)
<b>Net assets including pension liability</b>		<b>256,375</b>	243,818	<b>246,779</b>	239,442
<b>Deferred capital grants</b>	20	<b>118,070</b>	122,518	<b>110,713</b>	114,758
<b>Endowments</b>					
Permanent unrestricted	21	881	754	881	754
Expendable restricted	21	2,761	2,350	2,761	2,350
Permanent restricted	21	6,612	5,313	6,612	5,313
<b>Total endowments</b>		<b>10,254</b>	8,417	<b>10,254</b>	8,417
<b>Reserves</b>					
Income and expenditure account (excluding pension reserve)	22	139,266	119,623	142,753	122,043
Pension reserve	23	(17,232)	(5,976)	(17,232)	(5,976)
Income and expenditure account (including pension reserve)		122,034	113,647	125,521	116,067
Revaluation reserve	24	5,428	(1,175)	291	200
<b>Total reserves</b>		<b>127,462</b>	112,472	<b>125,812</b>	116,267
<b>Minority interest</b>	25	<b>589</b>	411	-	-
<b>Total funds</b>		<b>256,375</b>	243,818	<b>246,779</b>	239,442

The financial statements on pages 16 to 42 were approved by the Council on 13 November 2015 and signed on its behalf by:

Professor Koen Lamberts  
Vice-Chancellor

David Dickson  
Treasurer

Jeremy Lindley  
Finance Director

# Consolidated cash flow statement

## for the year ended 31 July 2015

	Note	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Net cash inflow from operating activities	26	30,164	27,545
Returns on investments and servicing of finance	27	(5,004)	(4,721)
Capital expenditure and financial investment	28a	(16,119)	(19,264)
Amounts administered on behalf of third parties	28b	7,593	(1,391)
Financing	29	(6,950)	(2,400)
<b>Increase/(decrease) in cash in the year</b>		<b>9,684</b>	<b>(231)</b>

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
<b>Reconciliation of net cash flow to movement in net debt</b>		
Increase/(decrease) in cash in the year	9,684	(231)
Cash outflow from debt	6,950	2,400
<b>Change in net debt</b>	<b>16,634</b>	<b>2,169</b>
Net debt at 1 August	(123,490)	(125,659)
<b>Net debt at 31 July</b>	<b>(106,856)</b>	<b>(123,490)</b>

	At 1 August 2014 £000	Cash flows £000	Other changes £000	At 31 July 2015 £000
<b>Analysis of changes in net debt</b>				
Cash at bank and in hand	3,411	2,416	-	5,827
Short-term deposits (Note 16)	20,655	7,469	-	28,124
Endowment cash (Note 14)	2,014	(201)	-	1,813
<b>Total cash and cash equivalents</b>	<b>26,080</b>	<b>9,684</b>	<b>-</b>	<b>35,764</b>
Debt due within one year (Note 17)	(3,496)	3,496	(4,192)	(4,192)
Debt due after one year (Note 18)	(146,074)	3,454	4,192	(138,428)
<b>Total debt</b>	<b>(149,570)</b>	<b>6,950</b>	<b>-</b>	<b>(142,620)</b>
<b>Total net debt</b>	<b>(123,490)</b>	<b>16,634</b>	<b>-</b>	<b>(106,856)</b>

# Statement of consolidated total recognised gains and losses for the year ended 31 July 2015

	Note	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Surplus for the financial year		<b>18,852</b>	9,362
Increase in endowment asset investments value	21	<b>1,458</b>	663
New endowments	21	<b>1,763</b>	1,094
Actuarial loss in respect of the pension scheme	23	<b>(11,849)</b>	(5,595)
Movement in investment property value	24a	<b>3,138</b>	-
Increase in value of investments	24b	<b>91</b>	56
Increase in joint venture property investment value	24c	<b>3,374</b>	550
<b>Total recognised gains for the year</b>		<b>16,827</b>	6,130
<b>Reconciliation</b>			
Opening reserves and endowments		<b>120,889</b>	114,759
Total recognised gains for the year		<b>16,827</b>	6,130
<b>Closing reserves and endowments</b>		<b>137,716</b>	120,889
<b>Represented by:</b>			
Reserves		<b>127,462</b>	112,472
Endowments		<b>10,254</b>	8,417
<b>As at 31 July</b>		<b>137,716</b>	120,889

# Notes to the accounts

<b>1. Funding Council grants</b>	<b>Year ended 31 July 2015</b>	Year ended 31 July 2014
	<b>£000</b>	£000
Recurrent grants		
– HEFCE Teaching	<b>10,419</b>	15,476
– HEFCE Research	<b>24,098</b>	24,527
– HEFCE Other	<b>506</b>	1,035
Specific grants from HEFCE	<b>3,760</b>	3,269
Released from deferred capital grants – buildings (Note 20)	<b>2,707</b>	2,597
Released from deferred capital grants – equipment (Note 20)	<b>1,901</b>	1,913
	<b>43,391</b>	48,817

<b>2. Tuition fees and education contracts</b>	<b>Year ended 31 July 2015</b>	Year ended 31 July 2014
	<b>£000</b>	£000
Full-time home and EU students	<b>88,273</b>	70,230
Full-time international students	<b>41,697</b>	40,016
Other teaching contract course fees	<b>6,444</b>	6,685
Other fees	<b>283</b>	222
Part-time students	<b>2,351</b>	2,345
Research training support grants	<b>9,353</b>	8,719
Short course fees	<b>4,711</b>	4,018
	<b>153,112</b>	132,235

<b>3. Research grants and contracts</b>	<b>Year ended 31 July 2015</b>	Year ended 31 July 2014
	<b>£000</b>	£000
UK research councils	<b>24,922</b>	19,822
UK-based charitable bodies	<b>6,725</b>	7,572
UK central government bodies, local authorities, health and hospital authorities	<b>14,675</b>	13,101
UK industries, commerce and public corporations	<b>1,324</b>	1,182
EU government bodies	<b>9,387</b>	9,167
EU other sources	<b>2,441</b>	1,923
Other overseas	<b>1,988</b>	2,186
Other bodies	<b>63</b>	171
	<b>61,525</b>	55,124

Research grants and contract income includes £648,000 (2014 £597,000) released from equipment deferred capital grants (Note 20).

In 2014/15, the University received UK central government credits for research and development expenditure under the Research and Development Expenditure Credit (RDEC) Scheme. The gross income received (£3,433,000) has been included above within research grants and contract income and the related tax payable is disclosed in Note 10.

# Notes to the accounts (continued)

<b>4. Other income</b>	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Residences, catering and conferences	34,745	33,366
Residences, catering and conferences – joint ventures	5,713	4,189
Other services rendered	2,294	2,210
Released from deferred capital grants – buildings (Note 20)	2,385	2,421
Released from deferred capital grants – equipment (Note 20)	1,498	1,449
Other income		
– Academic departments	1,674	1,704
– Academic services	628	544
– Administrative departments	856	34
– Premises	1,255	1,124
– Specific grants	3,145	3,458
– Subsidiary income	18,824	18,526
– Joint venture income	2,511	2,835
– Sundry income	1,275	1,010
	<b>76,803</b>	<b>72,870</b>

<b>5. Endowment and investment income</b>	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Income from endowment assets (Note 21)	331	349
Income from investments	1,074	1,085
Net pension finance (Note 30b)		
– Benefit interest costs	(5,822)	(5,836)
– Expected return on scheme assets	7,649	7,547
	<b>3,232</b>	<b>3,145</b>

<b>6. Staff costs</b>	Year ended 31 July 2015	Year ended 31 July 2014
	Number	Number
<b>The average weekly number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:</b>		
Academic staff	1,631	1,580
Support staff	2,281	2,210
	<b>3,912</b>	<b>3,790</b>

<b>Staff costs for the above persons</b>	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Wages and salaries	143,814	136,745
Social security costs	10,994	10,140
Pension costs (Note 30)	19,729	18,540
FRS 17 current service cost (Note 30b)	6,053	5,638
FRS 17 employer contributions (Note 30b)	(4,819)	(5,015)
	<b>175,771</b>	<b>166,048</b>



Emoluments of the Vice-Chancellors	Year ended 31 July 2015	Year ended 31 July 2014
<b>(a) Professor B Cantor was Vice-Chancellor until 30 Sept 2013</b>	<b>£</b>	<b>£</b>
Salary	-	45,617
Benefits in kind	-	2,978
	-	48,595
<b>(b) Dr J Grenville was Acting Vice-Chancellor from 1 Oct 2013 to 31 Dec 2013</b>	<b>£</b>	<b>£</b>
Salary	-	50,819
Employer's pension contributions to USS which are paid at the same rate as for other employees	-	5,731
	-	56,550
<b>(c) Professor K Lamberts was Vice-Chancellor from 1 Jan 2014</b>	<b>£</b>	<b>£</b>
Salary	<b>229,167</b>	131,475
Benefits in kind	<b>3,457</b>	1,489
Contributions to relocation costs	<b>1,630</b>	-
Employer's pension contributions to USS which are paid at the same rate as for other employees	<b>36,666</b>	21,036
	<b>270,920</b>	154,000
<b>Remuneration of other higher paid staff, excluding employer's pension contributions, employer's national insurance contributions and compensation for loss of office:</b>	<b>Year ended 31 July 2015 Number</b>	<b>Year ended 31 July 2014 Number</b>
£100,000–£109,999	<b>17</b>	14
£110,000–£119,999	<b>11</b>	9
£120,000–£129,999	<b>4</b>	5
£130,000–£139,999	<b>1</b>	4
£140,000–£149,999	<b>2</b>	2
£150,000–£159,999	<b>2</b>	1

#### Compensation for loss of office

Compensation for loss of office due to retirement paid or payable to an employee earning in excess of £100,000 per year amounted to £165,000 (2014 £nil). The compensation for loss of office that was paid or payable in 2015 was under the University's voluntary severance scheme which was open to all employees on the same terms.

# Notes to the accounts (continued)

## 7. Depreciation

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Depreciation has been funded by</b>		
– Deferred capital grants (Note 20)	9,139	8,977
– University and subsidiaries' funds	13,140	12,218
	<b>22,279</b>	<b>21,195</b>

## 8. Analysis of expenditure by activity

	Staff costs	Depreciation	Operating expenses	Interest payable	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000	£000	£000	£000	£000
Academic departments	94,167	3,712	28,587	–	126,466	120,542
Research grants and contracts	25,904	684	10,635	–	37,223	36,257
Total	120,071	4,396	39,222	–	163,689	156,799
Academic services	10,899	1,450	8,730	–	21,079	19,312
Residences, catering and conferences	8,951	799	26,865	–	36,615	33,688
Premises	7,547	13,291	13,877	–	34,715	34,589
Administration	21,700	53	17,144	–	38,897	34,615
Other expenses	6,603	2,290	3,165	5,937	17,995	18,221
Total	55,700	17,883	69,781	5,937	149,301	140,425
Year ended 31 July 2015	175,771	22,279	109,003	5,937	312,990	297,224
Year ended 31 July 2014	166,048	21,195	104,052	5,929	297,224	

## Other operating expenditure includes:

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
External auditor's remuneration for the audit of the University's annual accounts	51	51
External auditor's remuneration for the audit of the University's subsidiaries' annual accounts	28	28
External auditor's remuneration for non-audit services*	828	20
	<b>907</b>	99
Internal auditor's remuneration for internal audit services	110	107
Internal auditor's remuneration for other services	–	5
	<b>110</b>	112
Other operating leases and similar charges – equipment	269	242
Other operating leases and similar charges – property	6,890	8,767
	<b>7,159</b>	9,009

Other operating expenditure also includes the recognition of the permanent revaluation loss on investment properties as set out in Note 24.

\*External auditor's remuneration for non-audit services includes exceptional fees in respect of a retrospective VAT claim which resulted in the University receiving £2.5m. This work was conducted on a contingent fee basis.

## 9. Interest and other finance costs

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Loans and interest rate swaps wholly repayable within five years	470	630
Loans and interest rate swaps not wholly repayable within five years	5,466	5,475
Other interest costs	1	12
	<b>5,937</b>	6,117
Less interest capitalised on assets in the course of construction	–	(188)
	<b>5,937</b>	5,929

**10. Taxation**

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Deduction on UK central government credits receivable	741	-
Increase/(decrease) in provision for deferred taxation (Note 19)	61	(10)
	<b>802</b>	<b>(10)</b>

In 2014/15, the University received UK central government credits for research and development expenditure under the Research and Development Expenditure Credit (RDEC) Scheme. This scheme relates to eligible research expenditure from 1 April 2013 until 31 July 2015. The RDEC income is subject to a tax deduction. The gross income received has been disclosed within research grants and contract income (Note 3).

**11. Tangible assets**

	Investment freehold land and buildings	Freehold land and buildings	Short leasehold land and buildings	Assets under construction	Equipment	Heritage assets	Total
Consolidated	£000	£000	£000	£000	£000	£000	£000
<b>Cost/Valuation</b>							
At 1 August 2014	6,119	422,571	21,623	9,489	115,664	880	<b>576,346</b>
Additions at cost	-	55	-	23,356	6,686	-	<b>30,097</b>
Assets completed during the year	-	14,132	38	(14,193)	23	-	<b>-</b>
Revaluation	875	-	-	-	-	-	<b>875</b>
At 31 July 2015	6,994	436,758	21,661	18,652	122,373	880	<b>607,318</b>
<b>Depreciation</b>							
At 1 August 2014	-	108,476	5,618	-	76,141	-	<b>190,235</b>
Charge for the year	-	13,963	578	-	7,738	-	<b>22,279</b>
At 31 July 2015	-	122,439	6,196	-	83,879	-	<b>212,514</b>
<b>Net book value</b>							
At 31 July 2015	6,994	314,319	15,465	18,652	38,494	880	<b>394,804</b>
At 1 August 2014	6,119	314,095	16,005	9,489	39,523	880	<b>386,111</b>

The narrative below applies to both the Consolidated and University tangible assets.

The aggregate amount of interest capitalised included in the cost of tangible fixed assets amounts to £8.1m (2014 £8.1m).

During the year the University sold Constantine House for £1.6m; the asset was fully depreciated, therefore the profit on disposal is £1.6m.

All assets are held at cost with the exception of investment property and heritage assets which are held at valuation. Freehold investment property was valued by qualified surveyors Jones Lang LaSalle at 31 July 2015 on an open market basis. The properties have increased in value since the 31 July 2012 valuation. Heritage assets comprising works of art and library acquisitions were valued at 31 July 2008 using the existing specialist knowledge within the University departments. The Council is not aware of any material change in the valuation and therefore the valuation has not been updated. The net book value of heritage assets is:

	2015 £000	2014 £000	2013 £000	2012 £000
Heritage assets net book value	<b>880</b>	880	880	880

# Notes to the accounts (continued)

<b>11. Tangible assets (continued)</b>	Freehold land and buildings	Short leasehold land and buildings	Assets under construction	Equipment	Heritage assets	<b>Total</b>
<b>University</b>	£000	£000	£000	£000	£000	<b>£000</b>
<b>Cost/Valuation</b>						
At 1 August 2014	420,436	10,645	7,534	88,531	880	<b>528,026</b>
Additions at cost	55	-	17,216	5,653	-	<b>22,924</b>
Assets completed during the year	10,489	-	(10,489)	-	-	<b>-</b>
At 31 July 2015	430,980	10,645	14,261	94,184	880	<b>550,950</b>
<b>Depreciation</b>						
At 1 August 2014	108,084	4,875	-	69,931	-	<b>182,890</b>
Charge for the year	13,921	194	-	5,927	-	<b>20,042</b>
At 31 July 2015	122,005	5,069	-	75,858	-	<b>202,932</b>
<b>Net book value</b>						
At 31 July 2015	308,975	5,576	14,261	18,326	880	<b>348,018</b>
At 1 August 2014	312,352	5,770	7,534	18,600	880	<b>345,136</b>

## 12. Investments

	<b>Consolidated</b>		<b>University</b>	
	2015	2014	2015	2014
	£000	£000	£000	£000
Shares and similar investments (Note 12a)	<b>1,056</b>	1,551	<b>1,056</b>	1,551
Investments in subsidiaries (Note 12b)	-	-	<b>30,199</b>	23,043
Other investments (Note 12c)	<b>65</b>	96	<b>69</b>	88
	<b>1,121</b>	1,647	<b>31,324</b>	24,682

<b>(a) Shares and similar investments</b>	<b>Consolidated</b>		<b>University</b>	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 August 2014	<b>1,551</b>	1,545	<b>1,551</b>	1,545
Transfer to endowment assets	(586)	(50)	(586)	(50)
Increase in valuation (Note 24b)	<b>91</b>	56	<b>91</b>	56
At 31 July 2015	<b>1,056</b>	1,551	<b>1,056</b>	1,551

The historic cost of the investments held at 31 July 2015 was £0.8m (31 July 2014 £1.3m).

	Consolidated		University	
	2015	2014	2015	2014
<b>(b) Investments in subsidiaries</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2014	-	-	23,043	23,043
Additions	-	-	7,156	-
At 31 July 2015	-	-	30,199	23,043

In 2014/15, the University converted £7m from intercompany loans to an equity investment in York Sports Village LLP.

The following undertakings are subsidiaries:

Name of undertaking	Percentage holding of ordinary shares	Nature of business
Amaethon Ltd	60	Commercialisation of intellectual property
Heslington Studios Ltd	100	Provision of film and television production facilities
NYCH Ltd	100	Provision of training and conference services within the health sector
Perryquest Ltd	100	Supply of medical equipment and consumables to the University
The Biorenewables Development Centre Ltd	100	Development of biorefinery technology
YNI Ltd	100	Commercial exploitation of MRI and MEG scanning equipment
York Conferences Ltd	100	Provision of vacation conference and retail activities
York EMC Services Ltd	100	Testing and consultancy in electromagnetic compatibility
York Health Economics Consortium Ltd	100	Consultancy and research to health districts and hospital trusts
York Science Park Ltd	91	Letting of accommodation to science-based start-up companies
York Sports Village LLP	100	Provision of sports facilities
York University Development Company Ltd	100	Operation of sports facilities and supply of leasehold premises to the University
York University Energy Company Ltd	100	Supply of utilities to the University, its subsidiaries and third parties
York University Property Company Ltd	100	Development of land and letting of office accommodation

All undertakings are incorporated in the United Kingdom, and, with the exception of York Sports Village LLP, all shares or equivalent are held directly by the University of York.

	Consolidated		University	
	2015	2014	2015	2014
<b>(c) Other investments</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1 August 2014	1,010	1,007	1,002	1,007
(Disposals)/Additions	(31)	3	(19)	(5)
At 31 July 2015	979	1,010	983	1,002
<b>Impairment provision</b>				
At 31 July 2015	914	914	914	914
<b>Net book value</b>				
At 31 July 2015	65	96	69	88
At 1 August 2014	96	93	88	93

# Notes to the accounts (continued)

13. Investment in joint ventures	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
<b>Shares of net assets/cost</b>				
At 1 August 2014	9,114	9,120	10,912	12,416
Change in investment holding	(135)	(752)	(135)	(1,504)
Distribution of profits from joint ventures to University	(500)	(1,000)	-	-
Disposal of investment	(235)	-	-	-
Share of property revaluation (Note 24c)	3,374	550	-	-
Share of operating profit	1,415	1,196	-	-
At 31 July 2015	13,033	9,114	10,777	10,912
<b>Loans to joint ventures</b>				
At 1 August 2014	-	-	-	-
Loans issued to joint ventures	1,198	-	1,198	-
At 31 July 2015	1,198	-	1,198	-
<b>Total investment in joint ventures (including loans)</b>				
At 31 July 2015	14,231	9,114	11,975	10,912
At 1 August 2014	9,114	9,120	10,912	12,416

During the year the University's share of the capital of Student Accommodation Provision Three LLP was reduced by £0.1m and the University established a loan of £1.2m to the same joint venture entity.

The following undertakings are joint ventures:

Name of undertaking	Percentage holding of ordinary shares	Nature of business
Myscience.Co Ltd	25	Operation of National Science Learning Centre
Student Accommodation Provision LLP	50	Provision of student accommodation
Student Accommodation Provision Two LLP	50	Provision of student accommodation
Student Accommodation Provision Three LLP	50	Provision of student accommodation
WUN Foundation Ltd	17	Promotion, development and distribution of direct learning
N8 Ltd	13	Provision of education and research

All undertakings are incorporated in the United Kingdom, with shares or equivalent held directly by the University of York.

Three undertakings previously treated as joint ventures, Centre for Low Carbon Futures, Viopoint Ltd and YHMAN Ltd, in which the University held an interest, ceased trading in 2014/15. Consequently the University has written off any investment value held in these entities and ceased to consolidate results from the date of liquidation. The University received £250,000 for its share of YHMAN Ltd.



14. Endowment assets Consolidated and University	Shares	Property	Cash	Total
	£000	£000	£000	£000
At 1 August 2014	5,203	1,200	2,014	<b>8,417</b>
New endowments (Note 21)	580	-	1,183	<b>1,763</b>
Net expenditure (Note 21)	-	-	(1,384)	<b>(1,384)</b>
Increase in value of endowment assets (Note 21)	778	680	-	<b>1,458</b>
At 31 July 2015	6,561	1,880	1,813	<b>10,254</b>

The historic cost of shares held at 31 July 2015 was £7.3m (31 July 2014 £6.3m).

The property investment was valued by qualified surveyors Jones Lang LaSalle on 31 July 2015 at £1.88m on an open market basis.

15. Debtors	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Amounts falling due over one year</b>				
Prepayments	<b>4,587</b>	4,603	<b>4,587</b>	<b>4,603</b>
<b>Amounts falling due within one year</b>				
Trade debtors	<b>9,619</b>	8,900	<b>8,139</b>	<b>7,838</b>
Amounts due on research grants	<b>12,329</b>	8,436	<b>12,329</b>	<b>8,436</b>
Prepayments and accrued income	<b>13,562</b>	12,628	<b>11,709</b>	<b>11,303</b>
Amounts due from subsidiary undertakings	-	-	<b>8,533</b>	<b>12,529</b>
	<b>40,097</b>	34,567	<b>45,297</b>	<b>44,709</b>

16. Investments and short-term deposits	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Short-term deposits	<b>29,937</b>	22,669	<b>29,937</b>	<b>22,669</b>
Less amounts allocated to endowments (Note 14)	<b>(1,813)</b>	(2,014)	<b>(1,813)</b>	<b>(2,014)</b>
	<b>28,124</b>	20,655	<b>28,124</b>	<b>20,655</b>

# Notes to the accounts (continued)

17. Creditors: amounts falling due within one year	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Loans and finance leases (Note 18)	4,192	3,496	4,192	3,496
Trade creditors	11,156	8,827	9,632	8,215
Accruals and deferred income	32,730	27,970	27,599	24,297
Capital creditors	3,685	3,753	3,084	2,506
Research grants payments received on account	19,536	19,742	19,536	19,742
Social security and other taxation payable	3,798	3,863	4,116	4,103
Amounts due to subsidiary undertakings	-	-	785	696
Receipts administered on behalf of third parties	7,874	1,057	7,874	1,057
	<b>82,971</b>	<b>68,708</b>	<b>76,818</b>	<b>64,112</b>

18. Creditors: amounts falling due after more than one year	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Between one and two years	4,860	4,141	4,860	4,141
Between two and five years	11,292	13,569	11,292	13,569
In five years or more	122,276	128,364	122,276	128,364
	<b>138,428</b>	<b>146,074</b>	<b>138,428</b>	<b>146,074</b>

Unsecured	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bayerische Landesbank	-	3,972	-	3,972
Royal Bank of Scotland	29,806	30,857	29,806	30,857
HEFCE	2,000	2,000	2,000	2,000
European Investment Bank	42,391	44,348	42,391	44,348
Salix	2,300	2,240	2,300	2,240
Other borrowings	582	627	582	627
Loan notes	66,000	66,000	66,000	66,000
	<b>143,079</b>	<b>150,044</b>	<b>143,079</b>	<b>150,044</b>
Amounts repayable within one year (Note 17)	(4,192)	(3,496)	(4,192)	(3,496)
Capitalisation of costs of loan note issue	(459)	(474)	(459)	(474)
	<b>138,428</b>	<b>146,074</b>	<b>138,428</b>	<b>146,074</b>

The Bayerische Landesbank loan was a fixed rate amortising term loan, maturing 2 March 2020; however the University has fully repaid the balance in the current financial year.

The Royal Bank of Scotland loan is a variable rate loan. The majority of the loan (£23m) is amortising and repayable by 2029, while the balance (£7m) is due in December 2029.

The European Investment Bank loan is a 25-year variable rate amortising loan; capital repayments started in August 2013.

Loan notes issued by the University mature on 7 February 2047 and have coupon rates of 5.14% (£40m) and 5.16% (£26m) respectively.

Associated costs of £579,000 have been capitalised and are being depreciated over a period of 40 years.

The University held interest rate swaps for the purpose of managing the exposure to changes in interest rates. The fair value of the liability for these swaps, which has not been accounted for in the main financial statements, at 31 July 2015 was a liability of £9,008,000 (2014 liability £7,041,000).

The University does not hold any derivatives for trading purposes.

## 19. Provisions for liabilities

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 August 2014	88	98	-	-
Increase/(decrease) in provision (Note 10)	61	(10)	-	-
At 31 July 2015	149	88	-	-

## 20. Deferred capital grants

Consolidated	Funding Council	Other grants and benefactions	Total
	£000	£000	£000
<b>At 1 August 2014</b>			
Buildings	56,063	54,542	110,605
Equipment	4,374	7,539	11,913
Total	60,437	62,081	122,518
<b>Cash receivable</b>			
Buildings	1,832	1,742	3,574
Equipment	-	1,117	1,117
Total	1,832	2,859	4,691
<b>Released to income and expenditure account</b>			
Buildings (Notes 1, 4)	(2,707)	(2,385)	(5,092)
Equipment (Notes 1, 3, 4)	(1,901)	(2,146)	(4,047)
Total (Note 7)	(4,608)	(4,531)	(9,139)
<b>At 31 July 2015</b>			
Buildings	55,188	53,899	109,087
Equipment	2,473	6,510	8,983
Total	57,661	60,409	118,070

University	Funding Council	Other grants and benefactions	Total
	£000	£000	£000
<b>At 1 August 2014</b>			
Buildings	56,063	49,847	105,910
Equipment	3,559	5,289	8,848
Total	59,622	55,136	114,758
<b>Cash receivable</b>			
Buildings	1,832	1,129	2,961
Equipment	-	1,118	1,118
Total	1,832	2,247	4,079
<b>Released to income and expenditure account</b>			
Buildings (Notes 1, 4)	(2,707)	(2,083)	(4,790)
Equipment (Notes 1, 3, 4)	(1,881)	(1,453)	(3,334)
Total	(4,588)	(3,536)	(8,124)
<b>At 31 July 2015</b>			
Buildings	55,188	48,893	104,081
Equipment	1,678	4,954	6,632
Total	56,866	53,847	110,713

# Notes to the accounts (continued)

21. Endowments	Permanent unrestricted	Expendable restricted	Permanent restricted	Total
Consolidated and University	£000	£000	£000	£000
<b>At 1 August 2014</b>				
Capital	754	2,328	4,276	7,358
Accumulated income	-	22	1,037	1,059
<b>Total</b>	<b>754</b>	<b>2,350</b>	<b>5,313</b>	<b>8,417</b>
New endowments (Note 14)	-	1,183	580	1,763
Increase in value of share investments (Note 14)	127	538	793	1,458
<b>Total</b>	<b>127</b>	<b>1,721</b>	<b>1,373</b>	<b>3,221</b>
<b>Net expenditure for the year</b>				
Income for the year (Note 5)	40	36	255	331
Expenditure for the year	(40)	(1,346)	(329)	(1,715)
<b>Total</b>	<b>-</b>	<b>(1,310)</b>	<b>(74)</b>	<b>(1,384)</b>
<b>At 31 July 2015</b>				
Capital	881	2,727	5,650	9,258
Accumulated income	-	34	962	996
<b>Total</b>	<b>881</b>	<b>2,761</b>	<b>6,612</b>	<b>10,254</b>

22. Income and expenditure account	Consolidated 2015 £000	University 2015 £000
At 1 August 2014	119,623	122,043
Surplus retained for the year	20,236	21,303
Pension surplus (Note 23)	(593)	(593)
<b>At 31 July 2015</b>	<b>139,266</b>	<b>142,753</b>

23. Pension reserve	Consolidated 2015 £000	University 2015 £000
At 1 August 2014	(5,976)	(5,976)
Actuarial loss (Note 30b)	(11,849)	(11,849)
Pension surplus (Note 22)	593	593
<b>At 31 July 2015</b>	<b>(17,232)</b>	<b>(17,232)</b>

The pension reserve arises from the application of FRS 17 to the University's interest in the University of York Pension Fund. The full details of the accounting are set out in Note 30b.

**24. Revaluation reserve**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Investment property (Note 24a)	(302)	(3,440)	-	-
Shares and similar investments (Note 24b)	291	200	291	200
Joint venture property (Note 24c)	5,439	2,065	-	-
	5,428	(1,175)	291	200

**(a) Investment property**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 August 2014	(3,440)	(3,440)	-	-
Change in valuation	875	-	-	-
Recognition of permanent revaluation loss	2,263	-	-	-
At 31 July 2015	(302)	(3,440)	-	-

On 31 July 2015 the investment property portfolio was valued by qualified surveyors Jones Lang LaSalle on an open market basis. The properties have increased in value compared to the 2012 valuation, but they remain lower than earlier valuations. As it now appears that the majority of the property values are unlikely to be restored to these earlier values, most of the related revaluation deficits have been recognised in the income and expenditure account in 2014/15.

**(b) Shares and similar investments**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 August 2014	200	144	200	144
Increase in valuation (Note 12a)	91	56	91	56
At 31 July 2015	291	200	291	200

**(c) Joint venture property**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 August 2014	2,065	1,515	-	-
Increase in valuation (Note 13)	3,374	550	-	-
At 31 July 2015	5,439	2,065	-	-

Student Accommodation Provision LLP, Student Accommodation Provision Two LLP and Student Accommodation Provision Three LLP have had their properties revalued in the current year by qualified surveyors Jones Lang LaSalle on an open market basis.

**25. Minority interest**

	Consolidated	
	2015	2014
	£000	£000
At 1 August 2014	411	413
Income and expenditure movement	178	(2)
At 31 July 2015	589	411

# Notes to the accounts (continued)

<b>26. Reconciliation of consolidated operating surplus to net cash inflow from operating activities</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Operating surplus	18,417	8,154
Depreciation (Note 11)	22,279	21,195
Deferred capital grants released to income (Note 20)	(9,139)	(8,977)
Endowments and investment income (Note 5)	(3,232)	(3,145)
Interest payable (Note 9)	5,937	5,929
Decrease/(Increase) in stocks	45	(52)
Increase in debtors	(6,357)	(194)
Increase in creditors	283	3,481
Decrease in provisions	-	(10)
Profit on disposal of tangible fixed assets	(1,554)	(211)
Profit on disposal of fixed asset investments	(14)	-
Change in value of joint venture holding	-	752
Pensions cost less contributions payable (Note 6)	1,234	623
Recognition of permanent revaluation loss	2,265	-
Net cash inflow from operating activities	<b>30,164</b>	<b>27,545</b>

<b>27. Returns on investments and servicing of finance</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Income from endowments (Note 5)	331	349
Receipts from short-term investments	700	1,058
Interest paid	(6,035)	(6,128)
Net cash flow from returns on investments and servicing of finance	<b>(5,004)</b>	<b>(4,721)</b>

<b>28a. Capital expenditure and financial investment</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£000</b>	<b>£000</b>
Tangible fixed assets acquired	(28,547)	(28,531)
Fixed asset investments acquired	(1,063)	-
Receipts from sales of tangible fixed assets	1,554	247
Receipts from sales of fixed asset investments	860	46
Receipts from joint ventures	500	1,000
Endowment asset additions (Note 14)	(580)	(60)
Deferred capital grants received	9,394	6,940
Endowments received (Note 21)	1,763	1,094
Net cash flow from capital expenditure and financial investment	<b>(16,119)</b>	<b>(19,264)</b>

## **28b. Amounts administered on behalf of third parties**

The University acts as lead partner on many research projects. The partners' shares of funds do not form part of the University's activities; therefore any amounts received by the University on behalf of partners are shown separately.

**29. Financing**

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
Loans acquired	836	300
Loan capital repayments	(7,786)	(2,700)
Net cash flow from financing	(6,950)	(2,400)

**30. Pension schemes**

The University operates two defined benefit pension schemes: the University of York Pension Fund (UoYPF) and the Universities Superannuation Scheme (USS). In addition, the University operates a defined contribution scheme (The People's Pension) and contributes to the NHS Pension Scheme (NHSPS) for some members of Hull York Medical School.

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
The total pension cost for the University and its subsidiaries was:		
Contributions to USS	16,043	14,536
Contributions to UoYPF	3,558	3,868
Contributions to NHSPS	81	91
Contributions to other schemes	47	45
Total pension cost (Note 6)	19,729	18,540
FRS 17 current service cost (Note 6)	6,053	5,638
FRS 17 employer contributions (Note 6)	(4,819)	(5,015)
	20,963	19,163

**(a) Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the USS are held in a separate fund administered by Universities Superannuation Scheme Limited (the Trustee). The University is required to contribute a specified percentage of payroll costs to the USS to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014 16%). The University is unable to identify its share of the underlying assets and liabilities of the USS on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement benefits, accounts for the USS as if it were a defined contribution scheme.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires pension schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the USS was £41.6 billion and the value of the USS's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

As a consequence of this valuation, the Trustee determined, after a consultation period, a recovery plan to pay off the shortfall by 31 March 2031. This would be achieved partly by increasing employer contributions to the USS to 18% of pensionable salaries, from 16%, effective from 1 April 2016.



# Notes to the accounts (continued)

## 30. Pension schemes (continued)

### (b) University of York Pension Fund

The University operates a final salary defined benefit pension fund, the University of York Pension Fund (UoYPF), which is contracted out of the State Second Pension (S2P). The assets of the UoYPF are held separately from those of the University. The trustee of the UoYPF has nine directors: one is independent, four are nominated by the University and the remainder nominated by members of the UoYPF. The University contributes a rate of between 10% and 15% of pensionable salary to the UoYPF. Pension benefits are linked to the members' pensionable salaries and service at their retirement (or date of leaving if earlier).

A full actuarial valuation was carried out as at 31 July 2014. The initial results of this valuation have been updated to 31 July 2015 by a qualified independent actuary. The fund has been assessed according to FRS 17 rules, and the results have been incorporated into these accounts.

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Change in benefit obligation</b>		
Benefit obligation at 1 August	138,427	124,831
Current service cost	6,053	5,638
Interest costs	5,822	5,836
Scheme participants' contributions	231	258
Actuarial losses	13,745	6,031
Benefits paid from scheme	(4,827)	(4,167)
Benefit obligation at 31 July	159,451	138,427

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Change in scheme assets</b>		
Fair value of scheme assets at 1 August	132,451	123,362
Expected return on scheme assets	7,649	7,547
Actuarial gains	1,896	436
Employer contributions	4,819	5,015
Member contributions	231	258
Benefits paid from scheme	(4,827)	(4,167)
Fair value of scheme assets at 31 July	142,219	132,451

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Amounts recognised in the balance sheet</b>		
Present value of wholly or part funded obligations	159,451	138,427
Fair value of plan assets	(142,219)	(132,451)
Net liability	17,232	5,976

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Amounts charged to operating surplus</b>		
Current service cost	6,053	5,638
Expected return on scheme assets	(7,649)	(7,547)
Interest on pension liabilities	5,822	5,836
Net amount charged	4,226	3,927

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Amounts charged to statement of total recognised gains and losses</b>		
Actuarial loss immediately recognised in the statement of total recognised gains and losses (Note 23)	11,849	5,595
Cumulative amount of actuarial losses recognised	15,056	3,207

	Year ended 31 July 2015	Year ended 31 July 2014
	%	%
<b>Principal actuarial assumptions to determine benefit obligations</b>		
Discount rate	3.6	4.2
Rate of compensation increase	4.1	4.1
Rate of price inflation	2.4	2.3
Rate of increase of pensions	2.4	2.3

	Year ended 31 July 2015	Year ended 31 July 2014
	%	%
<b>Principal actuarial assumptions to determine net pension cost</b>		
Discount rate	4.2	4.6
Expected long-term rate of return on plan assets	5.8	6.1
Rate of compensation increase	4.1	4.2
Rate of price inflation	2.3	2.5
Rate of increase of pensions	2.3	2.5

	Year ended 31 July 2015	Year ended 31 July 2014
	Years	Years
<b>Principal actuarial assumptions on life expectancy</b>		
Female member age 65 (current life expectancy)	23.8	23.8
Male member age 65 (current life expectancy)	21.7	21.4
Female member age 40 (life expectancy at age 65)	25.7	25.7
Male member age 40 (life expectancy at age 65)	23.4	23.2

	Year ended 31 July 2015	Year ended 31 July 2014
	%	%
<b>Percentage of scheme assets</b>		
Equity securities	80.0	78.7
Bond securities	15.0	15.6
Other	5.0	5.7
Total	100.0	100.0

	Year ended 31 July 2015	Year ended 31 July 2014
	%	%
<b>Expected return on scheme assets</b>		
Equity securities	5.5	6.3
Bond securities	3.2	3.9
Other	2.5	3.3
Combined	5.0	5.8

# Notes to the accounts (continued)

## 30. Pension schemes (continued)

The overall expected return on assets assumption of 5.00% pa as at 31 July 2015 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the rate of return for each asset class:

- fixed interest bond securities, current market yields
- equity securities, allowance for an additional return of 3.00% pa above that available on UK government securities
- cash (included within Other), in line with expected returns on UK government securities.

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
<b>Balance sheet reconciliation</b>		
Net liability at 1 August	5,976	1,469
Pension expense recognised in the income and expenditure account	4,226	3,927
Amounts recognised in the statement of total recognised gains and losses	11,849	5,595
Actual contributions by the University	(4,819)	(5,015)
Net liability at 31 July	17,232	5,976

The University expects to contribute £4.6m to the UoYPF during the year starting 1 August 2015.

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
<b>History of experience gains and losses</b>					
Defined benefit obligation	159,451	138,427	124,831	112,255	112,157
Fair value of scheme assets	142,219	132,451	123,362	102,548	100,461
Deficit	17,232	5,976	1,469	9,707	11,696
Difference between expected and actual return on scheme assets	(1,896)	(436)	(15,055)	5,012	(7,077)
% of scheme assets	-1%	-0%	-12%	5%	-7%
Experience of gains and losses on scheme liabilities	(3,691)	-	-	(9,141)	-
% of scheme liabilities	-2%	0%	0%	-8%	0%

### (c) NHS Pension Scheme

The University of York participates in the NHS Pension Scheme (NHSPS) which is contracted out of the State Second Pension (S2P). The notional assets of the NHSPS are assessed by the Government Actuary and the benefits are underwritten by the government. There are no underlying assets. It is not possible to identify each institution's share of the notional assets and liabilities of the NHSPS and hence contributions to the NHSPS are accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is therefore equal to the contributions payable to the NHSPS for the year.

The contributions payable by the University during the year ended 31 July 2015 were at a rate of 14% of the total pensionable salaries, in accordance with the recommendations of the Government Actuary.

### (d) The People's Pension

The University of York has a defined contribution scheme as its main auto-enrolment pension scheme for its staff. The investment of scheme contributions is managed by The People's Pension. The contributions payable by the University during the year ended 31 July 2015 were at a rate of 1% of pensionable salary.

**31. Capital commitments**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Commitments contracted at 31 July	<b>7,266</b>	3,825	<b>4,242</b>	2,510
Authorised but not contracted at 31 July	<b>27,089</b>	25,866	<b>26,641</b>	22,587
	<b>34,355</b>	29,691	<b>30,883</b>	25,097

**32. Lease obligations**

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
<b>Operating lease commitments on leases expiring:</b>				
Equipment leases				
– Within one year	<b>43</b>	25	<b>34</b>	6
– Between two and five years	<b>226</b>	217	<b>226</b>	208
Property leases				
– Within one year	<b>172</b>	212	<b>172</b>	212
– Between two and five years	<b>268</b>	727	<b>268</b>	727
– Over five years	<b>6,450</b>	6,822	<b>6,450</b>	6,822
	<b>7,159</b>	8,003	<b>7,150</b>	7,975

**33. Contingent liabilities**

There are no contingent liabilities.

# Notes to the accounts (continued)

## 34. Related party transactions

The University is a corporate body established by Charter and receives a large proportion of its funding from the Higher Education Funding Council for England. A register of interests is maintained for members of Council (the University's governing body) and senior management, and no related party transactions of a material nature were reported during the year. The University has taken advantage of the exemptions of Financial Reporting Standard 8, Related Party Disclosures, and has therefore not disclosed transactions with its subsidiaries, which have been eliminated on consolidation. The University's transactions during the year with its associate and joint venture companies and non-wholly owned subsidiaries were:

	Charged by the University		Charged to the University		Debtor at 31 July	
	Year ended 31 July 2015	Year ended 31 July 2014	Year ended 31 July 2015	Year ended 31 July 2014	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000	£000	£000	£000	£000
Myscience.Co Ltd	4,347	4,214	382	206	155	106
YHMAN Ltd	-	14	-	18	-	-
WUN Foundation Ltd	-	-	68	48	-	-
York Science Park Ltd	658	685	425	709	154	289
Amaethon Ltd	3	9	-	-	38	17
Student Accommodation LLP	666	564	3,301	3,331	24	152
Student Accommodation Two LLP	777	798	3,681	3,718	52	236
Student Accommodation Three LLP	631	-	3,600	-	1,411	-
N8 Ltd	12	11	40	40	-	-

Amounts charged by the University were for grants received, staffing and other services provided.

Amounts charged to the University were in respect of subscriptions, education fees, forwarded grants and contributions to collective expenditure. All of the above services have been provided on normal commercial terms, or on the basis of a simple recharge of direct costs incurred.

The University provides the following student bodies with free office accommodation in addition to awarding grants of:

	Year ended 31 July 2015	Year ended 31 July 2014
	£000	£000
University of York Students' Union	937	937
University of York Graduate Students' Association	178	173

## 35. Council members

The University has reimbursed £2,036 travel expenses to four members of Council. These payments have been made to enable these people to perform their Council duties.

# Consolidated five year results

	Year ended 31 July 2015	Year ended 31 July 2014	Year ended 31 July 2013	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000	£000	£000	£000
<b>Income</b>					
Funding Council grants	43,391	48,817	57,148	63,199	66,903
Tuition fees and education contracts	153,112	132,235	107,962	85,354	79,630
Research grants and contracts	61,525	55,124	49,824	46,426	51,242
Other operating income	76,803	72,870	73,117	65,341	59,721
Profit on disposal of fixed assets	1,568	211	4,831	1,405	2,686
Endowment income and interest receivable	3,232	3,145	1,819	1,487	739
Less share of income from joint ventures	(8,224)	(7,024)	(8,060)	(6,411)	(5,629)
<b>Total income</b>	<b>331,407</b>	<b>305,378</b>	<b>286,641</b>	<b>256,801</b>	<b>255,292</b>
<b>Expenditure</b>					
Staff costs	175,771	166,048	153,818	142,654	139,867
Depreciation	22,279	21,195	20,228	20,504	17,753
Other operating expenses	109,003	104,052	99,629	83,959	87,588
Interest payable	5,937	5,929	6,041	5,551	4,538
<b>Total expenditure</b>	<b>312,990</b>	<b>297,224</b>	<b>279,716</b>	<b>252,668</b>	<b>249,746</b>
<b>Operating surplus</b>	<b>18,417</b>	<b>8,154</b>	<b>6,925</b>	<b>4,133</b>	<b>5,546</b>
<b>Retained surplus for the year</b>	<b>20,236</b>	<b>10,474</b>	<b>8,695</b>	<b>5,786</b>	<b>7,882</b>
<b>Assets and liabilities</b>					
Fixed assets	410,156	396,872	390,454	385,900	356,334
Endowment assets	10,254	8,417	7,772	7,169	10,644
Net current (liabilities)/assets	(8,226)	(9,333)	(8,299)	(12,911)	(16,401)
Long-term liabilities and provisions	(138,577)	(146,162)	(149,368)	(148,975)	(120,634)
Pension (liability)/asset	(17,232)	(5,976)	(1,469)	(9,707)	(11,696)
<b>Net assets</b>	<b>256,375</b>	<b>243,818</b>	<b>239,090</b>	<b>221,476</b>	<b>218,247</b>
Average number of staff (FTE)	3,912	3,790	3,559	3,323	3,320
Average number of students (FTE)					
– Home/EU	12,627	12,513	12,309	12,272	11,578
– Overseas	2,845	2,817	2,683	2,503	2,395
Capital expenditure	30,096	27,646	27,657	55,839	51,731
Net cash inflow from operating activities	30,164	27,545	20,677	17,286	22,070

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**Editorial:** Jenny Gwynne

**Design:** [balldesignconsultancy.com](http://balldesignconsultancy.com)

**Photography:** John Houlihan, Ian Martindale





UNIVERSITY *of York*

York, YO10 5DD, United Kingdom  
[www.york.ac.uk](http://www.york.ac.uk)