

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Financial Statements

31 July 2015

REPORT AND FINANCIAL STATEMENTS 2015

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MEMBERS

The Venerable Randolph Thomas (Chair)

Dr Geoffrey Thomas

Dr Gerald Lewis

Mr Phil Owen

Prof Medwin Hughes (Vice-Chancellor)

Mrs Maria Stedman

Mr Eifion Griffiths

Mr Andrew Curl

Dr Sian Wyn Siencyn

Mr Jack Girvin

Mrs Pam Berry

Mr George Sambrook

Mr Alun Thomas

Ms. Beth Thomas (Student President) - resigned September 2014

Mr Dan Doyle (Student Representative) - appointed October 2014

Ms. Flora McNerney (Student President) - resigned September 2014

Mr Luke Jones (Group Student Union President) - appointed July 2014

Mr Roger Evans

Ms Virginia Isaac

Mr Mark James

Dr Mirjam Plantiga

Mr Steven Stokes

Ms Alison Coleman

Mr Mark Cocks

Ms Alison Harding

Mr. Dai Rogers - appointed May 2015

The above list includes some members of University Council who are also trustees of the University of Wales: Trinity Saint David charity.

PROFESSIONAL ADVISERS

EXTERNAL AUDITORS

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

INTERNAL AUDITORS

Mazars LLP
Clifton Down House
Beaufort Buildings
Clifton
Bristol
BS8 4AN

BANKERS

Barclays Bank Plc
NatWest Bank Plc

OPERATING AND FINANCIAL REVIEW

Operating and Financial Review 2014-15

SCOPE OF THE FINANCIAL STATEMENTS

The consolidated financial statements of University of Wales: Trinity Saint David comprise the following entities:

University of Wales: Trinity Saint David

Trinity University College Limited

Trinity College

Eclectica Drindod Ltd

UWTSD Learning Centres Limited

UWTSD Investments Limited

Coleg Sir Gar

Coleg Ceredigion

LEGAL STATUS

The University of Wales: Trinity Saint David (UWTSD) is incorporated by Royal Charter. The most recent version of its constitution is the Supplemental Charter which was sealed by the Privy Council on 28 September 2012, following the constitutional merger with Swansea Metropolitan University.

The Trinity University College Limited (TUC), is deemed to be controlled by UWTSD, as UWTSD is its sole member.

The Trinity College incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity. There is no direct ownership link between UWTSD and Trinity College. However, it is deemed to be controlled by UWTSD by virtue of the fact TUC is the sole trustee.

Eclectica Drindod is a private company limited by guarantee with no share capital, initiated to undertake a role that more effectively delivers Third Mission activity for UWTSD. There is no direct ownership link between UWTSD and Eclectica Drindod Ltd. However, it is deemed to be controlled by UWTSD by virtue of the fact it has the power to appoint directors.

UWTSD Learning Centres Limited and UWTSD Investment are both wholly owned subsidiaries of UWTSD, and neither traded during 2014-15.

Coleg Sir Gar is a private company limited by guarantee with no share capital, undertakes the provision of further education and higher education. UWTSD is the sole member of the company.

Coleg Ceredigion is a private company limited by guarantee with no share capital, undertakes the provision of further education. UWTSD is the sole member of the company.

OPERATING AND FINANCIAL REVIEW

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year to 31 July 2015 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and the accounts direction issued by the Higher Education Funding Council for Wales.

FINANCIAL HEALTH

The University of Wales: Trinity Saint David defines itself as an institution with low risk in relation to its financial status. There will be continuing challenges to financial health and the following areas continue to present a challenge to financial sustainability:

- maintaining a sufficient level of surplus to facilitate investment in the transformed University's estate strategy, in order to both ensure fitness for purpose and to meet the increasing demands of its clients;
- being pro-active in the recruitment and retention of students;
- being pro-active in responding to the reductions in core funding from HEFCW and Welsh Government;
- responding to the changing political context of Higher Education in Wales
- further diversification of income streams;
- robustly managing increases in pension costs.

RESULTS FOR THE YEAR

The consolidated financial performance for the year to 31 July 2015 is summarised as follows:

	2014/15	2013/14
	£'000	£'000
Income	104,600	108,597
Expenditure	(104,168)	(106,998)
Profit on Sale of Assets	5	226
Exceptional Items	(1,995)	(1,668)
Share of operating loss in associate	(173)	0
Taxation	(12)	(12)
Capital Reserve-Historic cost adjustment	<u>660</u>	<u>661</u>
Historic Cost (Deficit)/Surplus	<u><u>(1,083)</u></u>	<u><u>806</u></u>

The consolidated results recorded a historic cost deficit for the year, retained within General Reserves, of £1.0 million (2014: surplus 0.8 million). This result encompasses all activities, other than the Students' Union which is an independent body.

The results for the year are consistent with management's expectations, with an underlying operating surplus of £0.4million before exceptional items (2014 £1.7million), and the University's strategic aims to deliver operational surpluses to allow further capital investment over the strategic planning cycle.

OPERATING AND FINANCIAL REVIEW

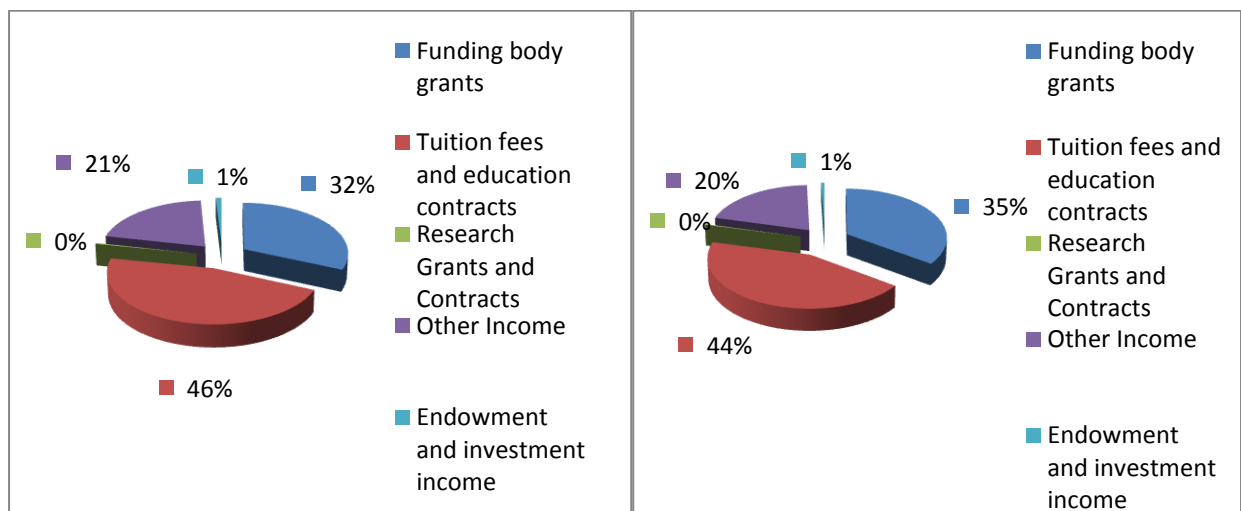
INCOME

The consolidated total income for the year amounted to £104.6million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £6.8million which represented 6.5% of total income for the year. Grants from the Welsh Government, received by Coleg Sir Gar and Coleg Ceredigion are included in funding body grants and amounted to £24.9million, representing 23.8% of total income.

Tuition Fees and Education Contracts income amounted to £48.6 million which represented 46.5% of total income for the year.

2015 Income by Category

2014 Income by Category

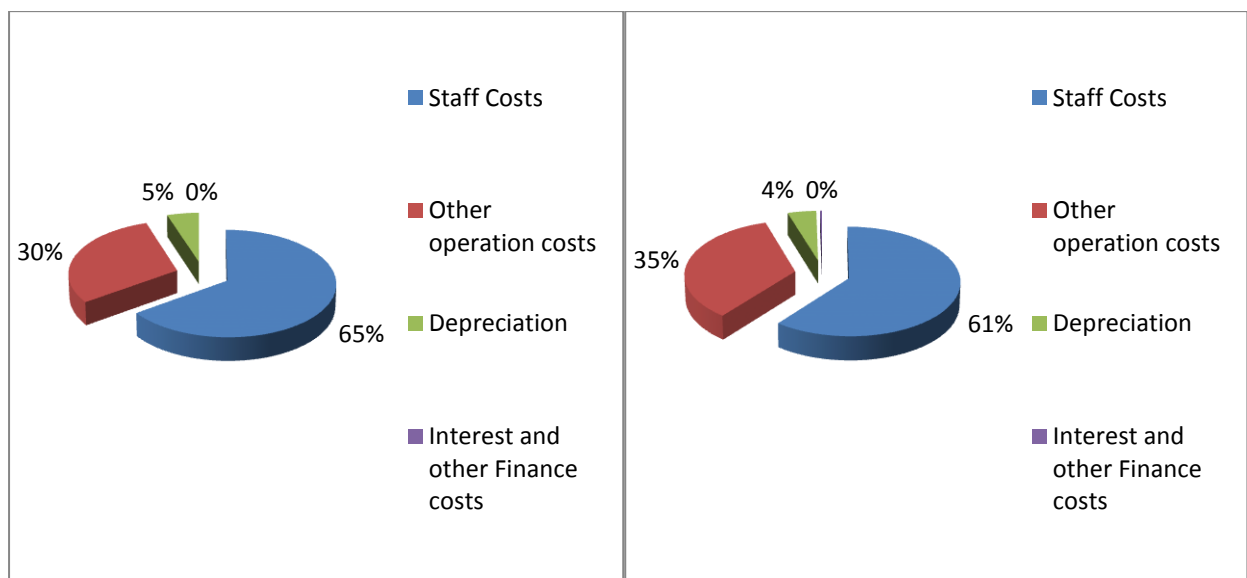


EXPENDITURE

Staffing costs represented 64.8% of total income for the year (2014: 60.1%) and 65.0% of total expenditure (2014: 61.0%). Other operating costs for the year were £31.2 million (2014: £36.9 million).

2015 Expenditure by Category

2014 Expenditure by Category



OPERATING AND FINANCIAL REVIEW

BALANCE SHEET

The consolidated Balance Sheet discloses a net current assets position of £33 million as at 31 July 2015 (2014: £40.2m). There has been a substantial capital investment in the year of £8.0 million, £5.8 million on building works and £2.2 million on equipment. This has resulted in a reduction of the cash balances however the University's cash position remains at a level which is commensurate with the institution's financial strategy. The pension liability has increased by £5.0 million year on year, arising from actuarial losses over the period.

CASH FLOW

The consolidated net cash outflow from operating activities of £1.6 million (2014: £ 3.1 million inflow) and a total cash outflow of £10 million (2014: £12 million). The total cash outflow of £10million is mainly due to capital expenditure of £9.1 million.

TREASURY MANAGEMENT

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. At 31 July 2015, the consolidated short term deposits and cash totalled £36 million (2014: £45.9 million).

LIQUIDITY

The Group's liquidity levels remain acceptable with a current ratio of 3.6 as at 31 July 2015, increased from 3.3 as at 31 July 2014.

The value of endowment asset investments is substantial, at £9.1 million (2014: £9.1 million). The market value of the portfolios has decreased slightly over the year reflecting the current volatility with global equity markets. The University's policy remains one of investment over the long term, having regard to income and capital growth and this policy and the University's performance are kept under review by the Investment Committee.

Creditors due within one year amount to £12.7 million and included £0.6 million grants received in advance. There has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

The FRS17 deficit in the local in-house final salary pension scheme has increased during the year, from £3.363 million to £3.438.million.

The Local Government Pension Schemes, the Dyfed Pension Fund, which is administered by Carmarthenshire County Council, and the Swansea Pension Fund, which is administered by the City and County of Swansea are both final salary pension schemes. The consolidated apportioned share of the deficit on the Dyfed Pension fund increased during the year from £10.5million to £13.4million due to net actuarial loss of £3.7million. The Swansea Pension Fund deficit increased during the year from £8.7 million to £10.8 million due to net actuarial loss of £2.5 million.

Following the implementation of the revised Statement of Recommended Practice in 2007, literary works held by the University totalling a value of approximately £6.0 million are included under tangible fixed assets on the balance sheet. A corresponding entry is held on the balance sheet as a revaluation reserve.

OPERATING AND FINANCIAL REVIEW

SIGNIFICANT EVENTS DURING THE YEAR:

UK QUALITY MARK FOR THE UNIVERSITY

A team of QAA reviewers visited UWTSD and judged that its academic standards, the quality and enhancement of its student learning opportunities, and the quality of information about its learning opportunities all meet UK expectations.

The review identifies the following examples of good practice:

- the comprehensive range of academic and pastoral support provided for all students
- the use of an interactive online system to gather and act on student feedback.

The review also highlights the engagement of the University with its collaborative partners through the roles of Partnership Co-ordinators and Partnership Team Leaders as a feature of good practice.

NEW CONSTRUCTION TRAINING INITIATIVE

A consortium led by the University is the preferred bidder to develop a new approach to training for the construction industry in Wales, the Construction Industry Training Board (CITB).

CITB Cymru Wales published plans in March to invest up to £5m in a new scheme. A number of quality bids were received with the University led consortium achieving the highest score in the bidding process.

The University will now work with CITB on the details of the initiative, which will deliver training to meet third party construction employer needs throughout Wales.

WESLH FOR ADULTS PROVISION ACROSS WALES

The University, following an open competition exercise, has been appointed to set the national strategic direction for Welsh for Adults; to provide leadership to Welsh for Adults providers; to raise standards in the teaching and learning of Welsh for Adults and to develop a high quality, engaging and appropriate national curriculum and produce resources suitable for all kinds of learners.

The changes to Welsh for Adults have come about following the recommendation of the independent 'Raising your sights: review of Welsh for Adults' report which looked at how the provision of Welsh for Adults could be improved across Wales.

GLOBAL CENTRE FOR ENTREPRENEURIAL DEVELOPMENT

The University has cemented its place as a global leader in the research and development of enterprise and entrepreneurship education by becoming home to the globally approved International Institute for Creative Entrepreneurial Development (IICED).

IICED, based on the Swansea campus, will be an international focal point which brings together a distinguished group of international experts in entrepreneurial education to engage in high-level discussions and to consider global perspectives that can impact, or have impacted, on policy-making. The Institute's aim is to inform international best practice in enterprise, entrepreneurship and entrepreneurial teaching, learning and evaluation.

The University has taken a global lead on innovation, enterprise and entrepreneurship education. It has challenged many theories of business education and informed the international entrepreneurial community on approaches for engaging and enhancing creativity in an enterprise context. The University has spearheaded international efforts to find new ways of supporting students and to equip them for the 21st Century working environment, where flexibility and adaptability will be key skills.

OPERATING AND FINANCIAL REVIEW

CARMARTHEN'S NEW WELSH LANGUAGE CENTRE

The University has acquired a property in the centre of Carmarthen which will accommodate the town's new Welsh Language Centre, Yr Atom.

The Centre's main aim will be to develop Carmarthen as a truly bilingual town, ensuring that the Welsh language is seen and heard more often. Yr Atom will help to create a vibrant Welsh community where local people, of all ages and backgrounds, will be able to socialise in the Welsh language.

Yr Atom, in partnership with Carmarthenshire County Council and Menter Gorllewin Sir Gâr, is working closely with the local business community, local groups and organisations to provide a programme of Welsh language courses as well as a large number of leisure activities.

The centre will be officially opened by the First Minister in October 2015.

SHORT LISTED FOR GREEN GOWN AWARDS

The University, which has placed sustainability at its core through the institution-wide Institute of Sustainable Practice and Resource Effectiveness (INSPIRE), has been shortlisted in all of the categories entered.

The Green Gown Awards provide universities and colleges with benchmarks for excellence and are well respected by governments, funding councils, senior managers, academics and students alike.

The UWTSO Group, which includes Coleg Sir Gâr and Coleg Ceredigion, has been shortlisted in six categories representing cross campus initiatives as well as individual staff's contribution to the sustainability agenda

LEARNING HWB COLEG SIR GAR

Coleg Sir Gar completed a new 21st Century Learning Hwb in 2014 at its Graig campus. The Development has brought state of the art learning and leisure facilities to the heart of the campus. The building comprises a learning hub, social space, café, teaching rooms, IT suites, seminar rooms, learning pods and staff accommodation.

QUALITY OF TEACHING AND LEARNING COLEG CEREDIGION

The report on the Estyn inspection undertaken in May 2014 notes that "teachers are developing innovative ways of teaching, for example using QR codes to allow learners to access 'how to' videos in construction and motor vehicle studies." This is reflected in the 81% of all teaching observations being graded Good or Excellent. In line with good practice the College is moving towards a more comprehensive and holistic approach to assessing teaching and learning incorporating detailed review of the marking of literacy and numeracy, course management and the learner experience.

OPERATING AND FINANCIAL REVIEW

RISK MANAGEMENT / RISK REGISTER

The Statement of Corporate Governance sets out the arrangements that are in place including the ongoing process of identifying, evaluating and managing risks and Council is pleased to report that risk management procedures are in place and a risk register is update on a regular basis and monitored by senior management. A report is presented to each Audit and Risk Management committee.

UNIVERSITY'S MISSION AND VISION

Within the context of Wales, University of Wales: Trinity Saint David has had a distinct role to play within higher education. Its mission, educational character and academic portfolio attest to its strategic importance in furthering bilingualism and supporting the enhancement of the Welsh language and culture.

Mission

Transforming Education; Transforming Lives.

The learner is central to the University and wider Group. The education it delivers, underpinned by high quality research, will be distinctive; it will develop the minds and skills of its students, and also be inclusive, professional and employment-focused.

Vision

To transform, shape and develop futures

The University's aim is to establish a new educational 'system' of universities and colleges committed to educating students of all ages and backgrounds, and to stimulate economic development in the region and across South West Wales.

The University of Wales: Trinity Saint David "system" will transform the delivery of higher education and training in Wales. Central to this new model will be the establishment of a new sustainable planning framework that will encompass, nurture, stimulate, and promote the development of coherent educational pathways across a wide range of institutions.

PUBLIC BENEFIT STATEMENT

The University is a registered charity and its charity number is 1149535.

In setting and reviewing the University's objectives and activities, University Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

The objects of the University of Wales: Trinity Saint David are in full alignment with its Charter:

"to advance learning and knowledge by teaching and research, and, by the example and influence of its bilingual corporate life and Anglican Christian tradition as well as by its academic work, to enable students to obtain the advantages of University education, and to engage in activities to promote and contribute to spiritual, cultural, social, environmental and economic development within Wales and beyond".

The University's core values are derived from our learner-focused mission and vision, and are articulated and advanced through the promotion of seven key planning themes:

Collaboration

Inclusivity

Employability and creativity

Sustainable development

Wales and its distinctiveness

The concept of global citizenship

Research and its impact on policy

OPERATING AND FINANCIAL REVIEW

The three values, **Collaboration; Inclusivity; Employability & Creativity** – The social and economic focus of higher education, in particular preparing graduates for their future professional employment, not only in the region locally, but also nationally and internationally.

The University's teaching, learning and widening access strategy demonstrates its approach to fulfilling the learners' potential in contributing to the social and economic requirements and the wider skills agenda in Wales and beyond.

The University's strategy towards teaching, learning and widening access addresses the Welsh Government agenda outlined in "For our Future"; and the Funding Council's implementation of that plan through the Funding Council's Corporate Strategy.

The University has developed strong links with the community to assist with fulfilling the widening access agenda. As indicated, key to the University's values is promoting social inclusion, increasing participation and making a positive impact on the economy, society and culture of Wales.

Sustainable Development – through a system-based approach to delivering meaningful and relevant educational pathways we will promote learning and social responsibility that supports "development that meets the needs of the present without compromising the ability of future generations to meet their own need."(Brundtland Commission 1987). The University's commitment to sustainability consists of an approach that embeds the Faculty sustainability plans throughout the academic and support structures. The University's Institute for Sustainable Practice, Innovation and Resource Efficiency(INSPIRE) has continued to support embedding sustainability within the curriculum at all levels as well as engaging with the widest number of organisations to develop sustainable practice across all sectors in Wales and further afield.

Wales and its Distinctiveness – The university achieves this through celebrating the distinctive linguistic and cultural assets and heritage of Wales. The University engages with the Coleg Cymraeg Cenedlaethol, and the HE/FE group created is becoming one of the foremost bilingual providers in Wales.

Global Citizenship – The University offers flexible; blended and distance-learning routes in a range of disciplines to students, and establishing a distinctive UWTSD international presence through a range of international partnerships.

Research and its impact on policy – The University's commitment to the Innovation and Engagement agenda spans three strategic priorities: Students; Research, Knowledge and Innovation; and Engagement. The University's plan is aligned with the key Welsh Government agenda outlined in For our Future, Economic Renewal programme and the Funding Council's Corporate Strategy.

KEY DELIVERABLES

In line with the University's core strategic priorities our plans will focus on achieving the following key outcomes by 2017:

1. Securing the sustainability of the Institution.
2. Widening access and increasing recruitment.
3. Increasing retention and improving the student experience.
4. Developing a core curriculum that furthers creativity, enterprise and entrepreneurship as transferable skills.
5. Embedding sustainability as a core principle across all aspects of the University.
6. Celebrating Wales in all its diversity: promoting our shared culture and heritage.
7. Promoting the value of global citizenship and international education within Wales and beyond.
8. Developing pure and applied research in niche areas.

OPERATING AND FINANCIAL REVIEW

Ethical investment and banking policies

University Council (and as trustees of the University's endowment funds) is expected to act in the best interests of the beneficiaries of the funds for which they are responsible. The beneficiaries include the University itself, staff and students. Council's policy is to aim for the best possible financial return from investments, consistent with an appropriate risk profile and may exclude investments from their investment portfolios, if the aims of the bodies concerned are incompatible with its objectives.

Equal opportunities

As a higher education institution, the University of Wales: Trinity Saint David recognises that it has a central role to play in bringing about a fair and just society. The University is committed to a policy of equality of opportunity and will promote equality in all aspects of its activities as an employer, a provider of Higher Education and in its interaction with the wider community, in order to provide a working and learning environment which is free from discrimination. It is the policy of the University to ensure that no member of the University community should receive more or less favourable treatment on any grounds which are not relevant to good educational and employment practice.

The University will endeavour to implement full equality of opportunity, and take appropriate measures to ensure that no student, member of staff or visitor is subject to unfair discrimination. Direct and indirect discrimination resulting in unequal opportunities is not acceptable, including discrimination by perception or by association with a protected characteristic.

Environmental sustainability policy

Sustainability is at the heart of how the University does business. The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. It has a duty to satisfy itself that all of its operations and activities are conducted with proper regard to the environment.

INSPIRE (Institute for Sustainable Practice, Innovation and Resource Efficiency) has continued to support the embedding of sustainability within the University's curriculum at all levels as well as engaging with the widest number of organisations to develop sustainable practice across all sectors in Wales and further afield.

The University is one of sixty-two institutions across the UK that have signed-up to the Green Impact scheme achieving an estimated reach of close to 80,000 members of staff across all the institutions who are all eager to create a more sustainable and environmentally friendly workplace.

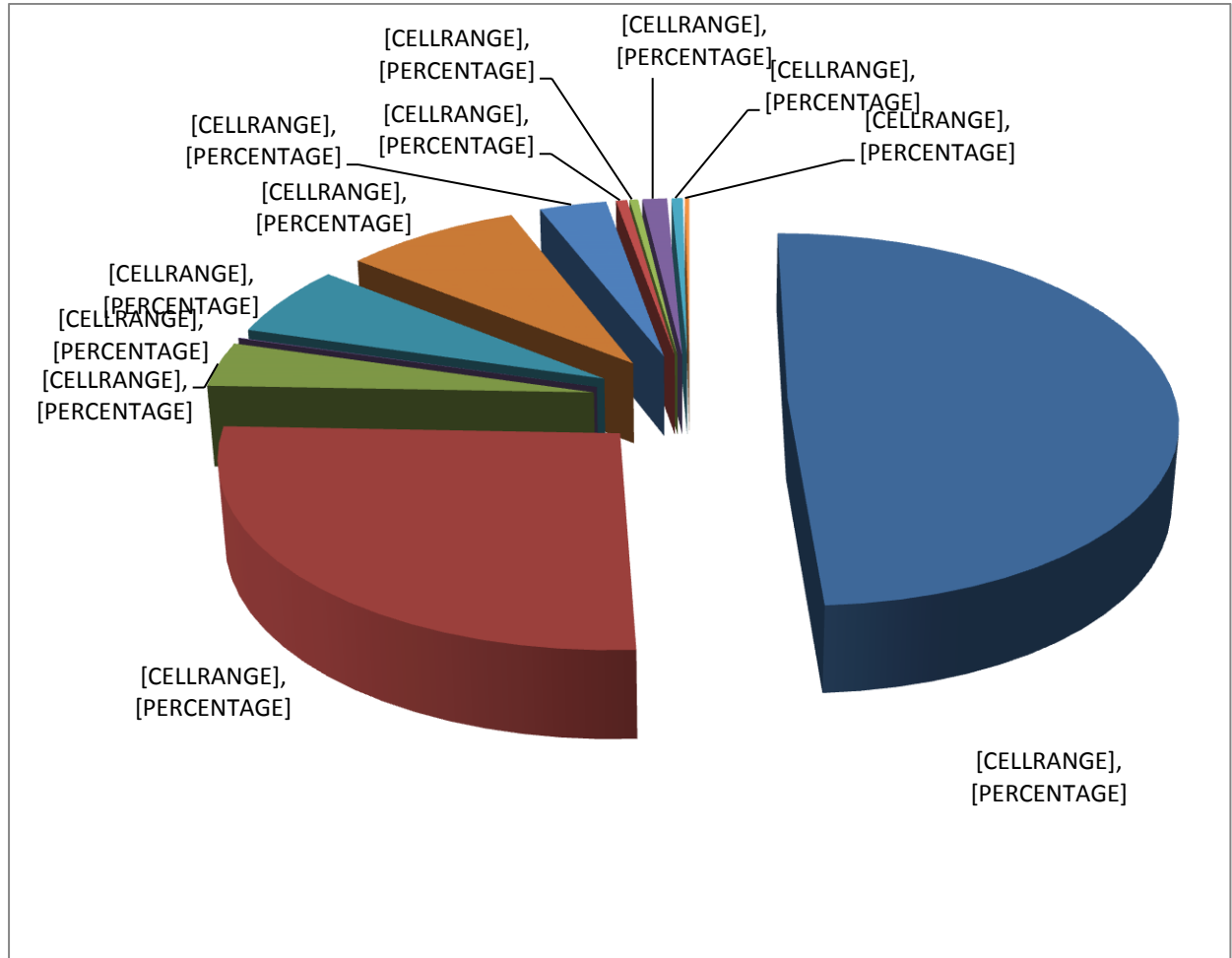
Green Impact is an environmental accreditation and awards scheme run by the National Union of Students, bringing staff and students together within their wider communities to enable and showcase positive changes in environmental practice, reducing the negative environmental impacts of their workspace.

Tuition Fees

During 2014/15 the University published its Fee plan for 2016/17 with a full time undergraduate tuition fee of £9,000, the fees for students that entered the University before 2014/15 remain at £7,500.

OPERATING AND FINANCIAL REVIEW

2014/15 Student Numbers as percentage of total population



Key: FT – Full time; PT – Part time; UG – Undergraduate; PGT – Postgraduate Taught; PGR – Postgraduate Research.; INT- International students.

The University is committed to having a student body that is balanced and diverse in terms of background and experience, with all the educational and cultural benefits that this brings. It encourages applications from all those with the motivation and academic ability to thrive at its locations within the South West Wales region and also at its Cardiff and London campuses, whatever their background.

OPERATING AND FINANCIAL REVIEW

Declaration of Information to auditors

In so far as each of the members who held office at the date of approval of the report is concerned:

- a) there is no relevant audit information of which the University's auditors are unaware; and
- b) each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Conclusion

The financial challenges of 2014/15 are likely to continue into 2015/16 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.

The Venerable Randolph Thomas

Chair of University Council

CORPORATE GOVERNANCE

Introduction

The University aspires to high standards of corporate governance. Although the University, as a corporation founded by Royal Charter with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. This summary describes the manner in which the University has applied the principles set out in the Committee of University Chairs The Higher Education Code of Governance, published in December 2014.

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's ongoing risks; that this has been in place for the year ended 31 July 2015 and up to the date of the approval of the annual report and accounts; that it is regularly reviewed by the Council; and that it accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

This statement describes how the relevant principles of corporate governance are applied to the University.

Summary of the University's structure of Corporate Governance

The University's Council comprises lay and academic persons appointed under the Statutes of the University, the majority of whom are non-executive. The role of Chairman of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council is served by a Clerk who is responsible to the Chairman.

The responsibilities of the Council are summarised on page 17 and 18. The Council, which meets at least four times a year, exercises its responsibilities through the executive management and several committees. The principal committees which reported to Council during the year 2014/15 are:-

- **Resources Committee**
The Resources Committee reports to the Council as to the financial affairs of the University and monitors performance in particular with regard to the allocation of funds, budgets, long term forecasts and the Annual Financial Report. To oversee the financial performance, estate and information management issues for the wider UWTSD group.
- **Corporate Governance & Nominations**
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (Patron and President). Monitor nominations and governance matters for the wider UWTSD group in line with specific ordinance and remit letter for group members.
- **Senior Remuneration**
The Senior Remuneration Committee determines on an annual basis the salaries, terms and conditions and, where appropriate, the severance conditions of the Vice-Chancellor, Deputy Vice-Chancellors, the Pro Vice-Chancellors, the Clerk to the Council and such other senior members of staff above point 51, as the Council deems appropriate.

CORPORATE GOVERNANCE

- **Strategy Committee**

Strategy Committee reports to Council and makes recommendations on the University's mission, aims and objectives. The Committee oversees arrangements of the preparation of the University's Strategic plan and the integration of supporting strategies. Oversee strategic issues for the wider UWTSD group in line with specific ordinance and remit letter for group members.

- **Audit & Risk Management**

The Audit & Risk Management Committee meets at least four times a year, twice with the external auditors once to discuss the audit plan and once to discuss the audit findings and to review the University's financial statements and accounting policies, and at every meeting with the internal auditors to consider the review of internal control systems and to address recommendations for the improvement of such systems. To maintain overarching control for the UWTSD group audit.

In addition the Senate, which is the academic authority of the University and draws its membership mainly from the academic staff and students of the institution, also reports to Council. Its role is to direct and regulate the teaching and research work of the University.

All of these committees are formally constituted with terms of reference and a membership which, includes lay members of Council. The Committees are chaired by a lay member of Council, and in the case of the Audit & Risk Management Committee, all the members are independent of the University's management, although senior executives attend meetings as necessary.

The University maintains a Register of Interests of members of the Council and of members of the senior executive which may be consulted by arrangement with the Clerk to the Council.

The Vice-Chancellor, as chief executive officer, is the head of the University who has a responsibility to the Council for the organisation, direction and management of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the designated officer of the University.

As chief executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos. Members of the Executive Team - the Deputy Vice-Chancellors, Heads of Support Units and the Deans of Faculty all contribute in various ways to this aspect of the work but the ultimate responsibility for what is done rests with the Vice-Chancellor. In this respect the Vice-Chancellor reports to the Council.

The University has developed a Key Performance Indicator (KPI) framework which is aimed at enabling the effective monitoring and evaluation of institutional performance. A range of KPIs have been established at institution and department level which can be referenced against the University's Strategic Plan and Risk Register, and which also facilitate benchmarking of performance against leading institutions. Academic and support units also develop relevant unit plans for each academic year which correlate with the institutional Strategic Plan.

The delivery of the strategic plan will be overseen by the University Council's Strategy Committee, with progress against the overall KPI framework to be a standing item at all Committee meetings. Each KPI has also been assigned to Council committees to allow regular scrutiny of performance during the academic year. Identified actions at both institution and department level will be undertaken in consultation with student representatives, wherever appropriate and reported to University Council. Council membership includes two student representatives nominated by the student body along with a further two student representatives in attendance at meetings.

CORPORATE GOVERNANCE

Internal Control

As the governing body of the University of Wales: Trinity Saint David, Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes, and the revised Financial Memorandum and Audit Code of Practice issued in November 2008 by the Higher Education Funding Council for Wales (HEFCW).

The system of internal control is designed to manage rather than eliminate the risk of failure in the achievement of strategic plans, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the strategic plans, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements.

Council has responsibility for reviewing the effectiveness of the system of internal control. It meets at regular intervals (four times a year) to consider the plans and strategic direction of the institution, and receives periodic reports from the Chair of the Audit & Risk Management Committee concerning internal control, and minutes of the Committee.

The Audit & Risk Management Committee has specific authority delegated by the Council to monitor and review internal control matters on its behalf and to report to Council its recommendations on these matters. Independent Internal Auditors undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit and Risk Management Committee which receives their reports and recommendations. The areas for review are determined by their significance to the University's operations and the risks associated with their failure. Risk management is a standing item on the Audit & Risk Management Committee agenda.

The external auditors audit the financial statements prepared by the University and report to the Audit & Risk Management Committee on the results of their audit. The external auditors also report formally to the Council on whether or not the financial statements reflect a true and fair record.

The University has established a robust risk prioritisation methodology based on risk ranking, together with the on-going maintenance of a corporate-wide risk register. All faculties and support units maintain and review their risk registers on a regular basis, and when necessary, escalate significant risks to the institution to the corporate-wide register.

The Council's review of the effectiveness of the system of internal control is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their year-end management letter and other reports.

RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

In accordance with the Royal Charter, the Council of the University of Wales: Trinity Saint David is responsible for the administration and management of the affairs of the Group and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Accounts Direction from the Higher Education Funding Council for Wales, the Statement of Recommended Practice on Accounting in Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of a financial memorandum agreed between the Higher Education Funding Council for Wales and the Council of the University of Wales: Trinity Saint David, the Council, through its designated office holder, the Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year.

The maintenance and integrity of the University of Wales Trinity Saint David website is the responsibility of the governing body; 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.

Council notes that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In causing the financial statements to be prepared, the Council, through its designated office holder has ensured 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 will continue in operation. The Council is satisfied that the University has adequate resources to continue operations 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 through its designated office holder and Audit & Risk Management Committee to:

- ensure that funds from the Higher Education Funding Council for Wales (HEFCW) are used only for the purposes for which they have been given and in accordance with the financial memorandum with the HEFCW and any other conditions which the HEFCW 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's resources and expenditure.

RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities of Council in relation to internal financial control, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- Medium and short-term planning processes, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial results involving variance reporting and updates of forecast out-turns.
- Clearly defined and formalised requirements for approval and control of expenditure, with significant investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review by the Council.
- Comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit & Risk Management Committee and Council.

Professor M Hughes

Vice Chancellor

The Venerable Randolph Thomas

Chair of University Council

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

We have audited the group and University financial statements (the “financial statements”) of University of Wales: Trinity Saint David 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, the Note of Historical Cost Surplus and Deficit 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 Council and auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 17 to 18, 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 Consolidated Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the 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; and
- meet the requirements of HEFCW's Accounts direction to higher education institutions for 2014-15.

Opinion on other matters prescribed in the HEFCW 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;
- funds provided by HEFCW have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.
- the corporate governance and internal control requirements of HEFCW's Accounts direction to higher education institutions for 2014-15 have been met.

Emma Holiday

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

Date:

2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2015

	Note	2015	2014
		£ '000	£ '000
INCOME			
Funding Body Grants	2	33,063	37,967
Tuition fees and education contracts	3	48,630	47,780
Research grants and contracts	4	352	374
Other operating income	5	21,562	21,885
Endowment and investment income	6	993	591
Total income		<u>104,600</u>	<u>108,597</u>
EXPENDITURE			
Staff costs	7	67,740	65,213
Other operating costs	8	31,173	36,915
Depreciation	13	5,255	4,799
Interest payable	9	0	71
Total expenditure		<u>104,168</u>	<u>106,998</u>
Surplus after depreciation of fixed assets at cost or valuation and before tax		432	1,599
Share of operating (loss) in associate		(173)	0
Taxation		<u>(12)</u>	<u>(12)</u>
Surplus before exceptional items		247	1,587
Exceptional items: continuing operations			
Disposal of fixed assets		5	226
Restructuring costs	10	<u>(1,995)</u>	<u>(1,668)</u>
(Deficit)/Surplus on continuing operations after depreciation of assets, disposal of assets and tax		(1,743)	145
(Surplus) for the year transferred to accumulated income in specific endowments		<u>(149)</u>	<u>(114)</u>
(Deficit)/Surplus for the year retained in general reserves		<u>(1,892)</u>	<u>31</u>

NOTE OF HISTORICAL COST SURPLUS AND DEFICITS
for the Year Ended 31 July 2015

(Deficit)/Surplus on continuing operations	(1,743)	145
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year calculated on the Re-valued amount	<u>660</u>	<u>661</u>
Historical Cost (Deficit)/Surplus after Tax	<u>(1,083)</u>	<u>806</u>

The income and expenditure for the year and previous year have been totally derived from the continuing activities of the University.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2015

	Note	2015	2014
		£ '000	£ '000
(Deficit)/Surplus on continuing operations after depreciation of assets, disposal of assets and tax		(1,743)	145
Actuarial (loss)/gain on Pension Scheme	34	(5,765)	3,577
Increase/(Decrease) in market value of investment	24	240	(64)
Movement in endowment asset investments	23	(289)	578
		<hr/>	<hr/>
Total recognised gains/(losses) related to the year		(7,557)	4,236
		<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION			
Opening reserves and endowments		124,621	120,385
Total recognised gains/(losses) for the year		(7,557)	4,236
		<hr/>	<hr/>
Closing reserves and endowments		117,064	124,621
		<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2015

	Note	Consolidated		University of Wales: Trinity Saint David	
		2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
FIXED ASSETS					
Intangible assets	12	0	0	0	0
Tangible assets	13	135,662	132,870	86,049	82,842
Heritage assets	13	5,955	5,955	5,955	5,955
Works of art	14	36	36	0	0
Investment in associate	15	327	0	500	0
Other Investments	16	237	181	0	0
		<u>142,217</u>	<u>139,042</u>	<u>92,504</u>	<u>88,797</u>
ENDOWMENT ASSETS	17	<u>9,099</u>	<u>9,143</u>	<u>8,791</u>	<u>8,809</u>
CURRENT ASSETS					
Stocks	18	418	245	239	61
Debtors	19	9,363	11,192	17,716	18,979
Investments		10,825	10,601	10,825	10,601
Cash at bank and in hand		25,139	35,348	16,143	23,129
		<u>45,745</u>	<u>57,386</u>	<u>44,923</u>	<u>52,770</u>
CREDITORS: amounts falling due within one year	20	<u>(12,729)</u>	<u>(17,227)</u>	<u>(16,660)</u>	<u>(19,741)</u>
NET CURRENT ASSETS		<u>33,016</u>	<u>40,159</u>	<u>28,263</u>	<u>33,029</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>184,332</u>	<u>188,344</u>	<u>129,558</u>	<u>130,635</u>
PROVISIONS FOR LIABILITIES AND CHARGES	21	<u>(3,996)</u>	<u>(4,433)</u>	<u>(2,093)</u>	<u>(2,499)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>180,336</u>	<u>183,911</u>	<u>127,465</u>	<u>128,136</u>
Pension Liability	34	<u>(27,623)</u>	<u>(22,574)</u>	<u>(18,099)</u>	<u>(15,231)</u>
NET ASSETS		<u><u>152,713</u></u>	<u><u>161,337</u></u>	<u><u>109,366</u></u>	<u><u>112,905</u></u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2015

(Continued)

	Notes	Consolidated		University of Wales Trinity Saint David	
		2015 £ '000	2014 £ '000	2015 £ '000	2014 £,000
Deferred capital grants	22	35,649	36,716	15,233	15,682
Endowment funds:					
Expendable		21	22	0	0
Permanent		9,078	9,121	8,791	8,809
	23	9,099	9,143	8,791	8,809
RESERVES					
Revaluation Reserve	24	42,850	43,494	31,993	32,419
Income and Expenditure account excluding pension reserve	24	92,738	94,558	71,448	71,226
Pension reserve	24	(27,623)	(22,574)	(18,099)	(15,231)
		65,115	71,984	53,349	55,995
TOTAL RESERVES		107,965	115,478	85,342	88,414
		152,713	161,337	109,366	112,905

These financial statements were approved and authorised for issue by Council on
.....2015

Vice Chancellor

Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2015

	Note	2015 £ '000	2014 £ '000
Net cash (outflow)/inflow from operating activities	25	(1,605)	3,054
Returns on investments and servicing of finance	26	774	589
Taxation		0	(12)
Capital expenditure and financial investment	27	(9,111)	(15,378)
Management of liquid resources	28	(41)	(23)
Net cash (outflow)/inflow before financing		(9,983)	(11,770)
Financing activities	29	(0)	(265)
(Decrease)/Increase in cash in the year	30,31	(9,983)	(12,035)

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared on a going concern basis in accordance with the Accounts direction issued by the Higher Education Funding Council for Wales for 2014/15 ; the Statement of Recommended Practice Accounting for Further and Higher Education Institutions, and applicable accounting standards. The financial statements have also been prepared on a historical cost basis of accounting as modified by the revaluation of certain land and buildings and endowment asset investments in accordance with applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, which are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue operations for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements

Basis of consolidation

The consolidated financial statements made up to 31 July 2015 include the University and its subsidiary companies, which include Coleg Sir Gar and Coleg Ceredigion. Intra entity transactions and balances are eliminated fully on consolidation. The University has taken the exemption from presenting its own Income and Expenditure account.

Recognition of income

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

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent 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 institution 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 is treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

Fixed assets

Land and Buildings are stated at cost, Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Buildings under construction within the University are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the invoiced price of stocks.

Depreciation

Depreciation is provided on a straight line basis, so as to write off the cost of fixed assets over the expected useful economic lives of the assets. The specific rates applied are as follows:

i)	Freehold land	nil
ii)	Buildings	2-5%
iii)	Motor Vehicles	25%
iv)	Equipment, fixtures and fittings	10-33 1/3%

Investments

Listed investments held as fixed assets or endowments assets are shown at market value.

Current asset investments are shown at market value.

Heritage Assets / Works of Art

Works of art and other valuable artefacts (heritage assets) that are valued at over £25,000 have been capitalised and recognised at the cost or value of acquisition, where such a cost or valuation is reasonably obtainable. The Heritage Assets are valued every five years, the last full valuation was in 2012. Works of Art is included at costs incurred from 1 April 1981.

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

Endowment funds

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

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****Pensions**

University academic staff are members of the Teachers' Pension Scheme (TPS) and Universities Superannuation Scheme (USS). Administrative non-academic staff are either members of the Dyfed Pension Fund (closed to new members from 1 January 2011); Swansea Pension Fund (closed to new members from 1 August 2013); UWL Pension & Assurance Scheme (closed to new members from 12th February 2007), or the Universities Superannuation Scheme for all new non-academic staff as the other schemes were closed. All the schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme.

The pension funds, except for TPS, are externally valued, normally every three years, by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. The TPS is normally valued every five years by the Government Actuarial department.

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. This is the position with TPS and USS.

Where it is possible to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined benefit scheme under FRS 17. This is the case with the Dyfed Pension Fund; the Swansea Pension fund and UWL Pension & Assurance Scheme Fund. The current service cost of providing retirement benefits to employees during the year, the cost of providing amendments to benefits in respect of past service and any gains and losses on settlements and curtailments are charged to the operating surplus or deficit in the year within staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return or net cost either within investment income or within interest payable as appropriate. Changes in the pension surplus or deficit due to changes in actuarial assumptions and to differences between actual and expected returns on assets are reported in the Statement of Total Recognised Gains and Losses. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the Balance Sheet.

Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Taxation

The University is a charity registered with the Charity Commission, number 1149535. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 – 488 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Charitable Gains Act 1992 to such an extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Two of the University's subsidiaries are also registered charities and will receive the same tax treatment as the University.

Foreign Exchange

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.

Cash and Liquid Funds

Cash flows comprise an increase or decrease in cash. Cash includes cash in hand; cash at bank and deposits repayable on demand. Deposits are termed repayable on demand if they are available within 24 hours without penalty. No other investment however liquid is included as cash.

Liquid funds comprise assets held as readily disposable store of value and include term deposits. They exclude any such assets held as endowments asset investments.

Provisions

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.

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

Related Parties

The operating statements of the University may include transactions with related parties. In accordance with FRS 8 'Related Party Transactions' these are disclosed where members of the University Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party.

Research and development

Expenditure on pure and applied research is written off to the Income and Expenditure account as part of the continuing activities of the Institution.

Hardship funds

Funding Council grants are available solely for students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

	2015	2014
	£ '000	£ '000
2. FUNDING BODY GRANTS		
HEFCW		
Recurrent Grants	4,488	5,936
Specific Grants	2,356	3,825
Release from Deferred Grants	838	1,277
WELSH GOVERNMENT		
Recurrent Grants	20,810	20,592
Specific Grants	4,097	5,869
Release from Deferred Grants	474	468
	<u>33,063</u>	<u>37,967</u>
3. TUITION FEES		
Full Time Students (UK and EU)	41,623	37,113
Full Time Students (Non EU)	3,427	6,103
Part Time Students	2,352	2,450
Education Contracts	1,228	2,114
	<u>48,630</u>	<u>47,780</u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	18	56
UK Based Charities	39	87
Other Grants & Contracts	295	231
	<u>352</u>	<u>374</u>
5. OTHER OPERATING INCOME		
Catering and residence operations	6,791	6,802
EU Grants	3,811	4,291
Other income generating activities	2,249	3,418
Other income	8,386	7,005
Deferred Capital Grant released in year	325	369
	<u>21,562</u>	<u>21,885</u>
6. INVESTMENT INCOME		
Bank and other interest received	383	323
Income from permanent endowments (note 23)	391	268
Pension schemes net finance income	219	0
	<u>993</u>	<u>591</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****7. STAFF NUMBERS AND COSTS**

	2015	2014
	FTE	FTE
The average monthly number of persons employed by the University during the year was		
Academic Departments	874	832
Non-Academic Departments	934	858
	<u>1,808</u>	<u>1,690</u>

	2015	2014
	£ '000	£ '000
Staff costs for the above persons		
Teaching departments	38,716	37,104
Academic services	4,692	4,147
Other support services	1,690	1,795
Administration and central services	13,526	13,711
Other income generating activities	3,798	3,670
Premises	3,981	3,506
Catering and residence	1,337	1,280
	<u>67,740</u>	<u>65,213</u>

Wages and salaries	55,706	53,529
Social security costs	4,173	3,974
Other pension costs	7,861	7,687
Redundancy (also see note 10)	0	23
	<u>67,740</u>	<u>65,213</u>

Remuneration of higher paid staff, including the Vice Chancellor.

	2015	2014
	No.	No.
£120,000 - £129,999	-	2
£130,000 - £139,999	3	1
£160,000 - £169,999	-	1
£210,000 - £219,999	-	1
£220,000 - £229,999	1	-

The emoluments of the Vice Chancellor, who is also the highest paid senior post-holder and not included in the above table, were as follows:

	2015	2014
	£ '000	£ '000
Salary	212	204
Benefits in kind	14	14
	<u>226</u>	<u>218</u>
Pension contributions	36	33

The Vice Chancellor is also Vice Chancellor of the University of Wales who make a 20% contribution to the above costs, which are stated gross.

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

8. OTHER OPERATING COSTS

	2015	2014
	£ '000	£ '000
Teaching departments	6,700	8,286
Academic Services	4,420	5,192
Other Support Services	1,183	1,391
Administration and central services	9,167	11,001
Other income generating activities	1,241	1,332
Premises	6,942	8,074
Catering and residences	1,520	1,639
	<u>31,173</u>	<u>36,915</u>

Other operating expenses include:

External auditor's remuneration-audit services –		
The University and Group	56	55
The Subsidiaries	30	29
External auditor's remuneration-non audit services –		
The University and Group	12	11
The Subsidiaries	20	19
Internal Audit	71	65
Operating Leases – Land & Buildings	399	351
– Other	584	586

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****9. INTEREST PAYABLE**

	2015	2014
	£ '000	£ '000
On bank loans, overdrafts and other loans	0	2
Pension scheme net finance charge	0	69
	<u>0</u>	<u>71</u>

10. EXCEPTIONAL ITEMS: Continuing Operations

	2015	2014
	£ '000	£ '000
Redundancy costs	1,995	953
Employment Tribunal costs	0	715
	<u>1,995</u>	<u>1,668</u>

The exceptional items for the year to 31 July 2015 relate to redundancy costs arising from restructuring (2014 - relate to redundancy costs arising from restructuring, the employment tribunal costs have arisen as a result of an equal pay claim).

11. TAXATION

The members do not believe the University was liable for any corporation tax arising out of the activities during the year. The tax charge disclosed in the consolidated accounts refers to the taxable profits of Eclectica Drindod, a subsidiary company.

12. INTANGIBLE ASSET**Consolidated****Cost**

At 1 August 2014 and 31 July 2015

Milk quota**£ '000**302**Amortisation**

At 1 August 2014

302

Charge for the year

0

At 31 July 2015

302**Net book value**

At 31 July 2015

0

At 31 July 2014

0

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

13. TANGIBLE FIXED ASSETS

Consolidated	Freehold land and buildings	Assets Under Construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Heritage Assets	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or Valuation								
At 1 August 2014	129,906	12,856	18,532	32,592	241	411	5,955	200,493
Additions in the year	3,396	2,426	0	2,190	6	28	0	8,046
Assets completed in the year	12,564	(12,564)	0	0	0	0	0	0
Disposals	0	0	0	(114)	0	0	0	(114)
At 31 July 2015	145,866	2,718	18,532	34,668	247	439	5,955	208,425
Accumulated depreciation								
At 1 August 2014	29,699	0	1,834	29,914	220	0	0	61,667
Charge for the year	3,190	0	365	1,691	9	0	0	5,255
Disposals	0	0	0	(114)	0	0	0	(114)
At 31 July 2015	32,889	0	2,199	31,491	229	0	0	66,808
Net book value								
At 31 July 2015	112,977	2,718	16,333	3,177	18	439	5,955	141,617
At 31 July 2014	100,207	12,856	16,698	2,678	21	411	5,955	138,826
University								
Cost or Valuation								
At 1 August 2014	63,881	12,856	18,532	24,127	241	0	5,955	125,592
Additions in the year	2,682	2,426	0	1,544	6	0	0	6,658
Disposals	0	0	0	(28)	0	0	0	(28)
Assets completed in the year	12,564	(12,564)	0	0	0	0	0	0
At 31 July 2015	79,127	2,718	18,532	25,643	247	0	5,955	132,222
Accumulated depreciation								
At 1 August 2014	12,684	0	1,834	22,057	220	0	0	36,795
Charge for the year	1,725	0	365	1,352	9	0	0	3,451
Disposal	0	0	0	(28)	0	0	0	(28)
At 31 July 2015	14,409	0	2,199	23,381	229	0	0	40,218
Net book value								
At 31 July 2015	64,718	2,718	16,333	2,262	18	0	5,955	92,004
At 31 July 2014	51,197	12,856	16,698	2,070	21	0	5,955	88,797

The last valuation of the heritage assets was undertaken in April 2012 by Bernard Quaritch Ltd.

The heritage assets include a collection of rare manuscripts, tracts, incunables and printed books.

The University of Wales, Lampeter Pension & Assurance Scheme trustees has a £2m floating charge over the University's heritage asset.

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****14. WORKS OF ART**

	Consolidated £ '000
Cost	
At 1 August 2014	36
Additions	<u>0</u>
Balance at 31 July 2015	<u><u>36</u></u>

Cost brought forward represents expenditure incurred from 1 April 1981. There were no material costs incurred prior to that date.

15. INVESTMENTS

	Interest in associated undertakings (note 16)	Other Investments other than loans	Total
	£'000	£'000	£'000
Consolidated			
Cost or Valuation			
At 1 August 2014	0	181	181
Additions	500	40	540
Revaluations	<u>0</u>	<u>16</u>	<u>16</u>
At 31 July 2015	<u><u>500</u></u>	<u><u>237</u></u>	<u><u>737</u></u>
Share of post-acquisition reserves			
At 1 August	0	0	0
Retained profits less losses	<u>(173)</u>	<u>0</u>	<u>(173)</u>
At 31 July 2015	<u><u>(173)</u></u>	<u><u>0</u></u>	<u><u>(173)</u></u>
Net book value			
At 31 July 2015	<u><u>327</u></u>	<u><u>237</u></u>	<u><u>564</u></u>
At 31 July 2014	<u><u>0</u></u>	<u><u>181</u></u>	<u><u>181</u></u>

	Participating Interests	Other investments other than loans	Total
	£'000	£'000	£'000
University			
Cost or valuation			
At 1 August 2014	0	0	0
Addition	<u>500</u>	<u>0</u>	<u>500</u>
At 31 July 2015	<u><u>500</u></u>	<u><u>0</u></u>	<u><u>500</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

Other fixed asset investments consist of

	Consolidated		University of Wales Trinity Saint David	
	2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
200 ordinary £1 shares – Welsh Networking Limited	0	0	0	0
Listed investments	58	42	0	0
Other investments	179	139	0	0
	<u>237</u>	<u>181</u>	<u>0</u>	<u>0</u>

The University's subsidiaries are listed below:-

Company Name	Status	Owner
Trinity University College	Company limited by guarantee	University is the sole member
Trinity College	Charity	Trinity University College is the sole trustee
Eclectica Drindod	Company limited by guarantee	Trinity University College is the sole member
Coleg Sir Gar	Company limited by guarantee	University is the sole member
Coleg Ceredigion	Company limited by guarantee	University is the sole member

16. INVESTMENT IN ASSOCIATE

The University has one associate a 49% holding in UW Centre for Advanced Batch Manufacture Limited, the company undertakes research and consultancy to develop industrial specific solutions for SMEs. The Group's share of the operating loss of the associate is £173,000.

17. ENDOWMENT ASSETS

Consolidated	2015 £ '000	2014 £ '000
Balance at 1 August	9,143	8,372
Increase /(Decrease) in market value of Investments	(289)	578
Increase/(Decrease) in cash balances held for endowments	245	193
Balance at 31 July	9,099	9,143

University of Wales: Trinity Saint David	2015 £ '000	2014 £ '000
Balance at 1 August	8,809	8,030
Increase /(Decrease) in market value of Investments	(263)	586
Increase in cash balances held for endowments	245	193
Balance at 31 July	8,791	8,809

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

The University of Wales, Lampeter Pension & Assurance Scheme trustees has a £2.5m floating charge over the University's unrestricted endowments.

18. STOCKS

	Consolidated		University of Wales: Trinity Saint David	
	2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
Stocks and Stores	418	245	239	61

19. DEBTORS

	Consolidated		University of Wales Trinity Saint David	
	2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
DUE WITHIN ONE YEAR				
Debtors for goods and services	6,428	5,962	3,742	2,677
Other debtors and prepaid expenditure	2,935	5,230	2,901	5,228
Amounts due from subsidiaries	0	0	7,222	7,223
	<u>9,363</u>	<u>11,192</u>	<u>13,865</u>	<u>15,128</u>
DUE AFTER ONE YEAR				
Amounts due from subsidiaries	0	0	3,851	3,851
Other debtors	0	0	0	0
	<u>9,363</u>	<u>11,192</u>	<u>17,716</u>	<u>18,979</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
Creditors for goods and services	2,733	5,226	2,092	3,373
Other creditors including tax and social security	1,852	1,399	1,122	1,030
Accruals and deferred income	7,565	9,360	6,212	7,985
Grants received in advance	579	1,242	0	194
Amounts due to subsidiaries	0	0	7,234	7,159
	<u>12,729</u>	<u>17,227</u>	<u>16,660</u>	<u>19,741</u>

The bank loan is secured by a fixed and floating charge on the assets of the company.

Included within grants received in advance is £ nil (2013/14 £ 30K) of monies received in respect of the merger from HEFCW. This amount is also reflected within the cash and bank figure shown within the accounts.

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****21. PROVISIONS FOR LIABILITIES AND CHARGES**

Consolidated	Other	Pension Scheme Rectification	Enhanced Pension Provision	Total
	£'000	£'000	£'000	£'000
Balance at 1 August	711	38	3,684	4,433
Payments in year	0	0	(355)	(355)
Charge for the year	0	0	(82)	(82)
Balance at 31 July	711	38	3,247	3,996

University of Wales: Trinity Saint David	Pension Scheme Rectification	Enhanced Pension Provision	Total
	£'000	£'000	£'000
Balance at 1 August	38	2,461	2,499
Payments in year	0	(264)	(264)
Charge for the year	0	(142)	(142)
Balance at 31 July	38	2,055	2,093

The pension rectification provision reflects part of the costs of undertaking a rectification action in relation to the University of Wales Lampeter Pension and Assurance Scheme and the enhanced pension provision is linked to the cost of early retirements agreed in previous years.

The other consolidated provision relate to provisions in a subsidiary, there has been no movement in these provision during the year. They are for:

- VAT liability on transactions prior to July 2002 (£242K);
- ESF liability in relation to changes to the overhead methodology (£219K);
- Rationalisation relating to potential future expenditure arising from an equal pay dispute between LEA's and staff (£250K).

22. DEFERRED CAPITAL GRANTS

Consolidated	HEFCW	Other grants	Total
	£ '000	£ '000	£ '000
At 1 August			
Land and buildings	19,858	16,087	35,945
Equipment	398	373	771
Grants capitalised in year	0	389	389
Land and buildings	0	181	181
Equipment			
Released to income and expenditure account			
Land and buildings	(612)	(611)	(1,223)
Equipment	(226)	(188)	(414)
At 31 July			
Land and buildings	19,246	15,865	35,111
Equipment	172	366	538
Total	19,418	16,231	35,649

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

22. DEFERRED CAPITAL GRANTS (continued)

University of Wales: Trinity Saint David	HEFCW	Other grants	Total
	£ '000	£ '000	£ '000
At 1 August			
Land and buildings	12,901	2,256	15,157
Equipment	352	173	525
Grants capitalised in year			
Land and buildings	0	365	365
Equipment	0	0	0
Released to income and expenditure account			
Land and buildings	(430)	(62)	(492)
Equipment	(226)	(96)	(322)
At 31 July			
Land and buildings	12,471	2,559	15,030
Equipment	126	77	203
Total	12,597	2,636	15,233

23. ENDOWMENTS

Special or endowment funds comprise legacy, bursary, memorial and appeal funds for specific purposes. The movement of the total funds in the year was as follows:

Consolidated

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	Restricted Expendable £ '000	2015 Total £ '000	2014 Total £ '000
Balance at 1 August						
Capital	1,304	3,992	5,296	22	5,318	4,762
Accumulated income	2,448	1,377	3,825	0	3,825	3,610
	3,752	5,369	9,121	22	9,143	8,372
New Endowments	0	0	0	0	0	0
Investment income	112	279	391	0	391	269
Awards and payments	(16)	(128)	(144)	(2)	(146)	(76)
Increase/(Decrease) in market value	(146)	(144)	(290)	1	(289)	578
Balance at 31 July	3,702	5,376	9,078	21	9,099	9,143
Represented by:						
Capital	1,158	3,848	5,006	21	5,027	5,318
Accumulated income	2,544	1,528	4,072	0	4,072	3,825

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

University of Wales: Trinity Saint David

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2015 Total £ '000	2014 Total £ '000
Balance at 1 August					
-Capital	1,293	3,714	5,007	5,007	4,421
-Accumulated income	2,434	1,368	3,802	3,802	3,608
	<u>3,727</u>	<u>5,082</u>	<u>8,809</u>	<u>8,809</u>	<u>8,029</u>
Investment income	112	277	389	389	268
Awards and payments	(16)	(128)	(144)	(144)	(74)
Increase/(Decrease) in market value of investments	(146)	(117)	(263)	(263)	586
	<u>3,677</u>	<u>5,114</u>	<u>8,791</u>	<u>8,791</u>	<u>8,809</u>
Balance at 31 July	<u>3,677</u>	<u>5,114</u>	<u>8,791</u>	<u>8,791</u>	<u>8,809</u>

The University of Wales, Lampeter Pension & Assurance Scheme trustees has a £2.5m floating charge over the University's unrestricted endowment funds.

24. RESERVES

Consolidated

	Revaluation Reserve £' 000	Income and Expenditure reserve £' 000	Pension Reserve £' 000	Total £' 000
At 1 August 2014	43,494	94,558	(22,574)	115,478
Surplus for the year	0	(2,608)	716	(1,892)
Transfer from revaluation to Income and Expenditure Account	(660)	660	0	0
Actuarial gain/(loss) on the pension scheme	0	0	(5,765)	(5,765)
(Decrease)/Increase in market value of investment	16	224	0	240
Transfer to General Endowment	0	(96)	0	(96)
At 31 July 2015	<u>42,850</u>	<u>92,738</u>	<u>(27,623)</u>	<u>107,965</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

University of Wales: Trinity Saint David

	Revaluation Reserve	Income and Expenditure reserve	Pension Reserve	Total
	£' 000	£' 000	£' 000	£' 000
At 1 August 2014	32,419	71,226	(15,231)	88,414
Surplus for the year before taxation	0	(332)	785	453
Transfer from revaluation	(426)	426	0	0
Actuarial gain/(loss) on the pension scheme	0	0	(3,653)	(3,653)
Increase/(decrease) in market value of investments	0	224	0	224
Transfer to general endowment	0	(96)	0	(96)
At 31 July 2015	31,993	71,448	(18,099)	85,342

25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2015	2014
	£ '000	£ '000
Surplus for the year	(1,731)	157
(Decrease) in provision for pensions/redundancies	(437)	(185)
Depreciation	5,255	4,799
Profit on disposal of asset	(5)	(226)
Deferred capital grants released	(1,637)	(2,114)
Specific grant release to income	(510)	(478)
(Increase)/ Decrease in stocks	(173)	21
Decrease/(Increase) in debtors	1,829	(1,096)
(Decrease)/Increase in creditors	(2,661)	2,666
Interest paid	0	2
Interest received	(774)	(591)
(Increase)/Decrease in endowment net current asset	(45)	(192)
FRS 17 Adjustment	(716)	291
Net cash (outflow)/inflow from operating activities	(1,605)	3,054

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2015	2014
	£ '000	£ '000
Interest paid	0	(2)
Interest received	774	591
	<u>774</u>	<u>591</u>
Net cash outflow from returns on investments and servicing of finance	<u>774</u>	<u>589</u>

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015	2014
	£ '000	£ '000
Purchase of tangible fixed assets	(9,426)	(16,474)
Capital grants received	570	261
Unspent specific grant received	42	380
Endowment assets acquired	(1,747)	(2,078)
New investment acquired	(367)	(75)
Receipts from sale of endowments assets	1,812	2,129
Proceeds from disposal of fixed asset	5	479
	<u>(9,111)</u>	<u>(15,378)</u>
Net cash outflow from capital expenditure and financial investment	<u>(9,111)</u>	<u>(15,378)</u>

28. MANAGEMENT OF LIQUID RESOURCES

	2015	2014
	£ '000	£ '000
Movement in short-term deposits	(41)	(23)
	<u>(41)</u>	<u>(23)</u>

29. FINANCING

	2015	2014
	£ '000	£ '000
Loan repayments	0	(265)
	<u>0</u>	<u>(265)</u>
	<u>0</u>	<u>(265)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

30. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015	2014
	£ '000	£ '000
(Decrease)/Increase in cash	(9,983)	(12,035)
Cash flow from movement in liquid resources	41	21
Cash flow from decrease in debt	0	265
	<hr/>	<hr/>
Decrease in net debt	(9,942)	(11,749)
Net funds at 1 August	36,534	48,283
	<hr/>	<hr/>
Net funds at 31 July	<u>26,592</u>	<u>36,534</u>

31. ANALYSIS OF NET DEBT

	1 August	Change	31 July
	2014	in year	2015
	£ '000	£ '000	£ '000
Consolidated			
Cash at bank and in hand	35,348	(10,209)	25,139
Endowment cash held by University	1,058	226	1,284
Bank overdraft	0	0	0
	<hr/>	<hr/>	<hr/>
	36,406	(9,983)	26,423
Endowment cash held by investment managers	128	41	169
	<hr/>	<hr/>	<hr/>
	<u>36,534</u>	<u>(9,942)</u>	<u>26,592</u>

32. FINANCIAL COMMITMENTS

At 31 July 2015, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	£ '000	£ '000	£ '000	£ '000
In One Year or less	107	90	0	0
Between Two and Five Years	645	582	197	119
In Five Years or More	323	331	323	331
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,075</u>	<u>1,003</u>	<u>520</u>	<u>450</u>

The College has given a guarantee of £24,120 in favour of United News & Media plc/HTV plc.

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****33. FINANCIAL CONTINGENCY FUNDS**

	2015	2014
	£ '000	£ '000
Unspent at 1 August	50	44
Welsh Government grants	694	716
Loans Repaid	14	19
	<hr/>	<hr/>
	758	779
Disbursed to students	(697)	(706)
Administration	(21)	(22)
Funds returned to Assembly	0	(1)
	<hr/>	<hr/>
Balance unspent at 31 July	<u>40</u>	<u>50</u>

Financial Contingency grants are available solely for students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.

34. PENSION SCHEMES

There are five pension schemes in operation via the Group for its staff: the Teachers' Pension Scheme (TPS) for academic staff and Universities Superannuation Scheme (USS) for academic and support staff and all staff appointed after 18 November 2010, the Dyfed Pension Fund (LGSS), the Swansea Pension Fund (LGPS) and the University of Wales Lampeter Pension and Assurance Scheme (UWLPS) for support staff.

The total pension costs included in the consolidated accounts are:

	2015	2014
	£'000	£'000
Contributions paid:		
TPS		
University of Wales: Trinity Saint David	1,332	1,387
Coleg Sir Gar	1,318	1,319
Coleg Ceredigion	269	240
USS		
University of Wales: Trinity Saint David	2,272	1,525
Local Government Schemes		
University of Wales: Trinity Saint David		
Dyfed scheme	478	452
Swansea scheme	1,290	1,060
Coleg Sir Gar	934	839
Coleg Ceredigion	184	174
In House Scheme		
University of Wales: Trinity Saint David	<u>113</u>	<u>132</u>
Contributions	8,190	7,128
FRS 17 adjustments		
University of Wales: Trinity Saint David		
Dyfed scheme	(127)	41
Swansea scheme	(450)	90
In House scheme	(50)	20
Coleg Sir Gar	246	316
Coleg Ceredigion	59	64
Restructuring Provision		
University of Wales: Trinity Saint David	(7)	54
Coleg Sir Gar	0	6
Coleg Ceredigion	<u>0</u>	<u>(32)</u>
Total Pension cost Per Note 7	<u>7,861</u>	<u>7,687</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

The pension liability disclosed in the consolidated balance sheet is summarised as follows:

	2015	2014
	£' 000	£'000
In House Scheme:		
UWLPS – University of Wales: Trinity Saint David	3,438	3,363
Local Government Schemes:		
Swansea – University of Wales: Trinity Saint David	10,780	8,720
Dyfed – University of Wales: Trinity Saint David	3,881	3,148
Dyfed – Coleg Sir Gar	8,541	6,629
Dyfed – Coleg Ceredigion	<u>983</u>	<u>714</u>
Liability per consolidated accounts 31 July 2015	<u>27,623</u>	<u>22,574</u>

LGPS

Dyfed Scheme

A full actuarial valuation of the scheme was carried out as at 31 March 2013 and updated to 31 July 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

	2015	2014	2013
	%	%	%
Rate of increase in salaries	3.7	3.8	4.15
Rate of increase in pensions	2.2	2.3	2.4
Discount rate	3.8	4.3	4.5
Rate of inflation	2.2	2.3	2.4

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

	2015	2014	2013
Retiring today			
Males	23.3	23.2	22.4
Females	25.8	25.7	25.0
Retiring in 20 years			
Males	25.5	25.4	24.2
Females	28.1	28.0	27.0

At the last actuarial valuation date, the market value of the assets of the scheme was £1,581million and the present value of the scheme liabilities was £1,780million. Representing a funding level of 89% and a deficit of £199million.

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

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

	Long-term expected return at 31 July 2015	Split at 31 July 2015 £'000	Long-term expected return at 31 July 2014	Split at 31 July 2014 £'000	Long-term expected return at 31 July 2013	Split at 31 July 2013 £'000
Equities	6.5%	69.7%	7.0%	70.1%	7.0%	71.1%
Government Bonds	2.5%	9.7%	3.2%	9.6%	3.3%	9.9%
Other Bonds	3.6%	9.8%	4.1%	9.7%	4.3%	10.2%
Property	6.1%	10.3%	6.2%	10.2%	5.7%	7.6%
Other	0.5%	0.5%	0.5%	0.4%	0.5%	1.2%
		100%		100%		100%

Dyfed Scheme - University of Wales Trinity Saint David

The following amounts at 31 July 2015, 31 July 2014 and at 31 July 2013 were measured in accordance with the requirements of FRS17

	31 July 2015 £ '000	31 July 2014 £ '000	31 July 2013 £ '000
Market value of assets	16,045	14,352	12,272
Present value of scheme liabilities	<u>(19,926)</u>	<u>(17,500)</u>	<u>(16,442)</u>
(Deficit) in the scheme	<u>(3,881)</u>	<u>(3,148)</u>	<u>(4,170)</u>

Analysis of amount charged to operating profit

	For year to 31 July 2015 £ '000	For year to 31 July 2014 £ '000
Current service cost	(465)	(493)
Total operating charge	(465)	(493)

Analysis of finance income and charges

	For year to 31 July 2015 £ '000	For year to 31 July 2014 £ '000
Expected return on assets	870	726
Interest on pension liabilities	(756)	(746)
Net finance return	114	(20)

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

Movement in scheme deficit during the year

	For year to 31 July 2015 £ '000	For year to 31 July 2014 £ '000
(Deficit)/Surplus in scheme at beginning of the year	(3,148)	(4,170)
Movement in year		
Current service cost	(465)	(493)
Contributions paid by the employer	478	452
Net return	114	(20)
Actuarial (loss)/gain	(860)	1,083
	<u>(3,881)</u>	<u>(3,148)</u>
Deficit in scheme at the end of the year	<u><u>(3,881)</u></u>	<u><u>(3,148)</u></u>

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

	31 July 2015 £ '000	31 July 2014 £ '000
At 1 August	(17,500)	(16,442)
Current service cost	(465)	(493)
Interest cost	(756)	(746)
Member contributions	(169)	(165)
Actuarial losses	(1,545)	(59)
Benefits paid	509	405
At 31 July	<u><u>(19,926)</u></u>	<u><u>(17,500)</u></u>

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

	31 July 2015 £ '000	31 July 2014 £ '000
At 1 August	14,352	12,272
Expected rate of return on scheme assets	870	726
Actuarial gains and losses	685	1,142
Employer contributions	478	452
Members contributions	169	165
Benefits paid	(509)	(405)
At 31 July	<u><u>16,045</u></u>	<u><u>14,352</u></u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

	2015	2014	2013	2012	2011
	£ '000	£ '000	£ '000	£ '000	£ '000
Difference between the expected and actual return on assets					
Amount	685	1,142	1,330	(444)	559
Percentage of scheme assets	4.3%	8%	10.8%	4.1%	5.3%
Experience gains/(losses) on scheme liabilities					
Amount		(211)	-	-	1,015
Percentage of the present value of scheme liabilities		1.2%	-	-	7.2%
Effects of changes in assumptions underlying present value of scheme					
Amount	(1,545)	(59)	(308)	(765)	765
Percentage of the present value of scheme liabilities	7.8%	0.3%	1.9%	4.8%	5.4%
Actuarial gains/(losses) recognised in STRGL					
Amount	(860)	1,083	1,022	(1,209)	1,324
Percentage of present value of year end scheme liabilities	4.3%	6.2%	6.2%	7.6%	9.3%

The tax credits associated with UK equity dividends were abolished with effect from 2 July 1997. This has the effect of reducing the overall expected investment return in the long term. The actuary of the LGSS has reported that to allow for this reduction in return would require an increase in the Common Contribution of 1.2% of pensionable pay.

Dyfed Scheme – Coleg Sir Gar

The following amounts at 31 July 2015, 31 July 2014 and at 31 July 2013 were measured in accordance with the requirements of FRS17:

	2015	2014	2013
	£000	£000	£000
Market value of assets	28,393	25,124	23,541
Liabilities	(36,934)	(31,753)	(30,825)
(Deficit) in the scheme/net pension (liability)	(8,541)	(6,629)	(7,284)

In accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of total recognised gains and losses for the year ended 31 July 2015 and 31 July 2014:

	2015	2014
	£000	£000
Analysis of amounts charged to income and expenditure account		
Current service cost	(1,178)	(1,155)
Curtailed cost	(2)	-
Operating cost	(1,180)	(1,155)
Analysis of amounts charged to financing of provisions		
Expected return on assets	1,528	1,396
Interest on pension liabilities	(1,383)	(1,406)
Net finance cost	145	(10)

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

	2015	2014
	£'000	£'000
Analysis of amounts recognised in the statement of total recognised gains and losses		
Difference between actual and expected return on scheme assets	1,203	(312)
Experience (losses) arising on scheme liabilities / Past service gain	-	-
Effects of changes in assumptions underlying the present value of scheme liabilities	(3,014)	1,293
Actuarial gain/(loss)	<u>(1,811)</u>	<u>981</u>

	2015	2014
	£'000	£'000
Movement in the College's share of the scheme's deficit during the year		
(Deficit) in scheme as at 1 August	(6,629)	(7,284)
Operating cost	(1,180)	(1,155)
Net finance cost	145	(10)
Actuarial gain/(loss)	(1,811)	981
Contributions	934	839
(Deficit) in scheme as at 31 July	<u>(8,541)</u>	<u>(6,629)</u>

The cumulative amounts of actuarial gains recognised in the statement of total recognised gains and losses is £1,351,000 (2014: gain of £460,000)

Asset and Liability Reconciliations:

Reconciliation of Liabilities	2015	2014
	£000	£000
Liabilities at start of period	31,753	30,825
Current service cost	1,178	1,155
Interest cost	1,383	1,406
Contribution by scheme participants	366	355
Actuarial (gain)/loss	3,014	(1,293)
Benefits paid	(762)	(695)
Curtailments and settlements	2	-
Liabilities at end of period	<u>36,934</u>	<u>31,753</u>

Reconciliation of Assets	2015	2014
	£000	£000
Assets at start of period	25,124	23,541
Expected return on assets	1,528	1,396
Actuarial gain/(loss)	1,203	(312)
Contributions by the employer	934	839
Contributions by the scheme participant	366	355
Benefits paid	(762)	(695)
Assets at end of period	<u>28,393</u>	<u>25,124</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

History of experience gains and losses

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation (£000)	(36,934)	(31,753)	(30,825)	(28,423)	(25,019)
Plan assets (£000)	28,393	25,124	23,541	19,630	18,801
Deficit (£000)	(8,541)	(6,629)	(7,284)	(8,793)	(6,218)

Difference between actual and expected return on scheme assets:

Amount (£000)	1,203	(312)	2,494	(803)	1,818
Percentage of scheme assets	4.2%	(1.24%)	10.6%	(4.1%)	9.7%

Experience gains and losses arising on scheme liabilities:

Amount (£000)	-	-	-	-	1,229
Percentage of scheme liabilities	-	-	-	-	4.9%

Effects of changes in assumptions underlying the present value of scheme:

Amount (£000)	(3,014)	1,293	(605)	(1,418)	1,170
Percentage of scheme liabilities	(8.2%)	4.1%	(2.0%)	(5.0%)	4.7%

Total of amounts recognised in the statement of total recognised gains and losses:

Amount (£000)	(1,811)	981	1,889	(2,221)	2,988
Percentage of scheme liabilities	(4.9%)	3.1%	6.1%	(7.8%)	11.9%

Dyfed Scheme – Coleg Ceredigion

The following amounts at 31 July 2015, 31 July 2014 and at 31 July 2013 were measured in accordance with the requirements of FRS17:

	2015	2014	2013
	£'000	£'000	£'000
Market value of assets	7,801	6,991	6,272
Liabilities	(8,784)	(7,705)	(7,567)
(Deficit) in the scheme/net pension (liability)	(983)	(714)	(1,295)

In accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of total recognised gains and losses for the year ended 31 July 2015 and 31 July 2014:

	2015	2014
	£'000	£'000
Analysis of amounts charged to income and expenditure account		
Current service cost	(243)	(234)
Curtailment cost	-	-
Operating cost	(243)	(234)

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

	2015	2014
	£'000	£'000
Analysis of amounts charged to financing of provisions		
Expected return on assets	424	373
Interest on pension liabilities	(333)	(347)
Net finance cost	<u>91</u>	<u>26</u>
Analysis of amounts recognised in the statement of total recognised gains and losses		
Difference between actual and expected return on scheme assets	332	164
Experience (losses) arising on scheme liabilities / Past service gain	-	-
Effects of changes in assumptions underlying the present value of scheme liabilities	(633)	455
Actuarial gain/(loss)	<u>(301)</u>	<u>619</u>
Movement in the College's share of the scheme's deficit during the year		
(Deficit) in scheme as at 1 August	(714)	(1,295)
Operating cost	(243)	(234)
Net finance cost	91	26
Actuarial gain/(loss)	(301)	619
Contributions	184	170
(Deficit) in scheme as at 31 July	<u>(983)</u>	<u>(714)</u>

Asset and Liability Reconciliations:

Reconciliation of Liabilities	2015	2014
	£'000	£'000
Liabilities at start of period	7,705	7,567
Current service cost	243	234
Interest cost	333	347
Contribution by scheme participants	74	69
Actuarial (gain)/loss	633	(455)
Benefits paid	(204)	(57)
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>8,784</u>	<u>7,705</u>
Reconciliation of Assets	2015	2014
	£000	£000
Assets at start of period	6,991	6,272
Expected return on assets	424	373
Actuarial gain/(loss)	332	164
Contributions by the employer	184	170
Contributions by the scheme participant	74	69
Benefits paid	(204)	(57)
Assets at end of period	<u>7,801</u>	<u>6,991</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

History of experience gains and losses

	2015	2014	2013	2012	2011
Defined benefit obligation (£000)	(8,784)	(7,705)	(7,567)	(7,092)	(6,368)
Plan assets (£000)	7,801	6,991	6,272	5,323	5,215
Deficit (£000)	(983)	(714)	(1,295)	(1,769)	(1,153)
Difference between actual and expected return on scheme assets:					
Amount (£000)	332	164	669	(221)	402
Percentage of scheme assets	4.3%	2.3%	10.7%	(4.2%)	7.7%
Experience gains and (losses) arising on scheme liabilities:					
Amount (£000)	(633)	455	(129)	(317)	120
Percentage of scheme liabilities	(7.2%)	5.9%	(1.7%)	(4.5%)	1.9%
Total of gains/(losses) recognised in the statement of total recognised gains and losses:					
Amount (£000)	(301)	619	540	(538)	5221
Percentage of scheme liabilities	(3.4%)	8.0%	7.1%	(7.6%)	8.2%

Swansea Scheme – University of Wales Trinity Saint David

Certain employees are members of the City and County of Swansea Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary. The latest actuarial valuation was undertaken at 31 March 2013 by independent actuaries.

The actuarial valuation of the scheme is based on the projected unit method and the principal assumptions made by the actuaries were:

	%
Rate of increase in pensionable pay	3.9
Rate of increase in pensions in payment	2.4
Discount rate:	
- in service	5.6
- left service	5.6
Inflation assumption	2.9

The valuation states that the assets held at the valuation date amounted to £1,277.6 million and, represented a shortfall of assets relative to the funding target of £302.6 million. This corresponds to a funding ratio of 81%.

The actuaries have calculated on aggregate employer future service contribution rate of 14.6% from 1 April 2011. This is the rate of employer contribution that would normally be appropriate if the fund had no surplus or shortfall and the assets were exactly equal to the funding target. There is an additional shortfall contribution payable from 1 April 2011 required to eliminate the shortfall within 25 years and this is approximately equivalent to 5.9% of pensionable pay per annum, the aggregate contribution rate of 20.5%.

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****FRS17 disclosure**

In accordance with the requirements of Financial Reporting Standard 17, independent qualified actuaries have updated the results of the March 2013 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2015. The projected unit method was used.

Principal financial assumptions

	31 July 2015	31 July 2014	31 July 2013
Rate of increase in salaries*	3.5%	3.7%	4.6%
Rate of increase in pensions in payment**	2.0%	2.2%	2.7%
Rate of increase in deferred pensions**	2.0%	2.2%	2.7%
Discount rate	3.5%	4.1%	4.5%
CPI Inflation assumption	2.3%	2.2%	2.7%

* The actuaries have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2013

** In excess of Guaranteed Minimum Pension increases in payment where appropriate.

Principal demographic assumptions

The mortality assumptions are based on the recent actual mortality experience of members in the Fund and allow for future expected mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below:

	31 July 2015	31 July 2014
Male		
Future lifetime from age 65 (currently aged 65)	22.6	22.5
Future lifetime from age 65 (currently aged 45)	24.8	24.7
Female		
Future lifetime from age 65 (currently aged 65)	25.1	25.0
Future lifetime from age 65 (currently aged 45)	27.4	27.3

	31 July 2015	31 July 2014
Commutation	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2013 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2013 pension entitlement.	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2013 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2013 pension entitlement

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

Expected return on assets

The approximate split of assets for the Fund as a whole (based on data supplied by Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purpose of FRS17.

	Asset split at 31 July 2015	Long-term rate of return expected at 31 July 2014	Asset split at 31 July 2014	Long-term rate of return expected at 31 July 2013	Asset split at 31 July 2013
	%	% pa*	%	% pa*	%
Equities	73.9	7.5	73.5	7.8	72.6
Property	4.9	6.8	5.1	7.3	5.2
Government Bonds	12.8	3.2	13.4	3.3	14.2
Corporate Bonds	1.0	3.7	1.0	4.0	0.9
Cash	3.0	1.1	2.4	0.9	2.2
Other**	4.4	7.5	4.6	7.8	4.9
Total	100.0	6.7	100.0	7.0	100.0

*The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class and is shown in the bottom row of the above table.

**Other holdings include hedge funds, currency holdings, asset allocation futures and other. We have assumed this year that these will get a return in line with equities.

The University employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2015.

Reconciliation of funded status to balance sheet	2015 £000	2014 £000	2013 £000
Fair value of assets	23,200	20,810	19,980
Present value of funded liabilities	(33,980)	(29,530)	(30,480)
Pension asset/(liability) recognised on the Balance Sheet	(10,780)	(8,720)	(10,500)

Analysis of amounts charged to the income and expenditure account	2015 £000	2014 £000
Current service cost	(1,020)	(1,150)
Total operating charge included in other pension costs – Note 8	(1,020)	(1,150)
Expected return on pension scheme assets	1,410	1,400
Interest on pension scheme liabilities	(1,230)	(1,390)
Net return included in interest paid – Note 9	180	10
Expense recognised in Income and Expenditure	(840)	(1,140)

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

Changes to the present value of liabilities during the year	2015	2014
	£000	£000
Opening present value of liabilities	29,530	30,480
Current service cost	1,020	1,150
Interest Cost	1,230	1,390
Contributions by participants	280	290
Actuarial (gain)/losses on liabilities*	2,460	(3,250)
Net benefits paid out#	(540)	(530)
Closing present value of liabilities	33,980	29,530

* Includes changes to the actuarial assumptions.

Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Changes to the fair value of assets during the year	2015	2014
	£ 000	£ 000
Opening fair value of assets	20,810	19,980
Expected return on assets	1,410	1,400
Actuarial gains/ (losses) on assets	(50)	(1,390)
Contributions by the employer	1,290	1,060
Contributions by participants	280	290
Net benefits paid out #	(540)	(530)
Closing fair value of assets	23,200	20,810

including an approximate allowance for the expected cost of death in service lump sums.

Actual return on assets	2015	2014
	£000	£000
Expected return on assets	1,410	1,400
Actuarial gain/(loss) on assets	(50)	(1,390)
Actual return on assets	1,360	10

Analysis of amount recognised in STRGL	2015	2014
	£000	£000
Total actuarial gains/(losses)	(2,510)	1,860
Total gain/(loss) recognised in STRGL	(2,510)	1,860

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

History of asset values, present value of liabilities and surplus/deficits	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of assets	23,200	20,810	19,980	15,900	15,050
Present value of liabilities	(33,980)	(29,530)	(30,480)	(28,240)	(23,610)
Surplus/(deficit)	(10,780)	(8,720)	(10,500)	(12,340)	(8,560)

In accordance with Paragraph 77(o) of FRS 17 (as revised), the assets for the current and previous three periods are measured at current bid price. Assets values previously measured at mid-market value for period ending 2008 have been re-measured for this purpose.

History of experience gains and losses	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Experience gains and losses on assets					
• Amount	(50)	(1,390)	2,220	(980)	70
• Percentage of assets	(0.2%)	(6.7%)	11.1%	(6.2%)	0.5%
Experience gains and losses on liabilities#					
• Amount	110	1,450	(10)	(110)	(90)
• Percentage of the present value of the liabilities	0.3%	4.9%	0.0%	(0.4%)	(0.4%)

#This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

University of Wales Lampeter Pension and Assurance Scheme (UWLPS)

The University sponsors the University of Wales, Lampeter Pension & Assurance Scheme which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for 142 past and 24 present employees. The level of retirement benefit is principally based on salary earned in the last three years of employment.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation. One-third of the trustees are nominated by the members of the scheme, at least one of the member nominated trustees must be a pensioner member.

A full actuarial valuation was carried out as at 31 July 2014 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is being agreed between the University and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The results of the 31 July 2014 valuation showed a deficit of £1,073,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 8 years from 1 August 2015 by the payment of annual contributions of £110,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, the University has agreed with the trustees that it will pay 18.77% of pensionable earnings in respect of the cost of accruing benefits. The University will also meet the costs of levies to the Pension Protection Fund, insurance premiums for death in service and all management and administration expenses

The next valuation is due as at 31 July 2017.

For the purposes of FRS17, the preliminary results of the actuarial valuation as at 31 July 2014, which was carried out by a qualified independent actuary, has been on an approximate basis to 31 July 2015.

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

The material assumptions used by the actuary for FRS17 as at 31 July 2015, and for the comparative period, were as follows:

	Period Ending 31 July 2015 % per annum	Period Ending 31 July 2014 % per annum	Period Ending 31 July 2013 % per annum
Rate of increase in salaries	4.2	4.3	4.4
Rate of increase in pensions in payment	3.1	3.2	3.3
Discount rate	3.5	4.1	4.6
Inflation assumption (CPI)	2.3	2.4	2.65
Revaluation rate for deferred pensioners	2.5	2.5	2.5
Allowance for commutation of pension for cash at retirement	Maximum Allowed	Maximum Allowed	Maximum Allowed

The mortality assumptions adopted at 31 July 2015 are 100% of the standard tables S1PxA Year of Birth, no age rating for males and females, projected using CMI_2009 converging to 1.25% pa. These imply the following life expectancies:

Male retiring at age 65 in 2015	22.4 years
Female retiring at age 65 in 2015	24.6 years
Male retiring at age 65 in 2035	24.3 years
Female retiring at age 65 in 2035	26.5 years

Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities:

Assumption	Change in assumption	Change in value of scheme liabilities
Discount rate	Increase / Decrease of 0.5% p.a	Decrease / Increase by 10.6%
Rate of inflation	Increase / Decrease of 0.5% p.a	Increase / Decrease by 5.1%
Rate of salary growth	Increase / Decrease of 0.5% p.a	Increase / Decrease by 1.2%
Rate of mortality	1 year increase in life expectancy	Increase by 3.2%

The assets of the scheme and the expected long term rate of return applicable for each period were:

	Value at 31 July 2015 £'000	Value at 31 July 2014 £'000	Value at 31 July 2013 £'000
Equities	6,196	5,650	5,344
Bonds	7,812	6,206	5,651
Other	1,348	1,263	1,039
	<u>15,356</u>	<u>13,119</u>	<u>12,034</u>

Present values of scheme liabilities, fair value of assets and surplus/(deficit):

	31 July 2015 £'000	31 July 2014 £'000	31 July 2013 £'000
Fair value of scheme assets	15,356	13,119	12,034
Present value of scheme liabilities	<u>(18,794)</u>	<u>(16,482)</u>	<u>(14,646)</u>
Deficit (net pension liability)	<u><u>(3,438)</u></u>	<u><u>(3,363)</u></u>	<u><u>(2,612)</u></u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2015**

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

The projected unit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative actuarial measure of the scheme liabilities, whose calculation differs from that under the projected unit method in that it includes no assumption for future earnings increases. In assessing this figure for the purpose of these disclosures, allowance has been made for future revaluation of benefits up to retirement as required by the rules. At the Balance Sheet date the accumulated benefit obligation was £18,140,000.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than the University continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme as at 31 July 2014 was £26,679,000 compared with the assets at the same date of £13,127,000.

Analysis of the amount charged to income and expenditure account

	2015	2014
	£'000	£'000
Current service cost	119	152
Expenses	132	135
Total operating charge	<u>251</u>	<u>287</u>

Analysis of pension finance costs

	2015	2014
	£'000	£'000
Expected return on pension scheme assets	651	615
Interest on pension liabilities	(670)	(671)
Pension finance costs	<u>(19)</u>	<u>(56)</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015	2014
	£'000	£'000
Actual return less expected return on pension scheme assets	1,625	333
Experienced gain/(losses) arising on the scheme liabilities	(3)	2
Change in financial and demographic assumptions underlying the scheme	(1,905)	(1,300)
Actuarial (loss)/gain recognised in the STRGL	<u>(283)</u>	<u>(965)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2015

The movement in the University's share of the scheme's deficit during the year is made up as follows:

	2015	2014
	<u>£'000</u>	<u>£'000</u>
Deficit at 1 August	(3,363)	(2,612)
Movement in year:		
Current service cost	(119)	(152)
Net interest payable	(19)	(56)
Contributions	478	557
Expenses	(132)	(135)
Actuarial (loss)/gain	(283)	(965)
Deficit at 31 July	<u>(3,438)</u>	<u>(3,363)</u>

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

	Year	Year
	Ending	Ending
	31 July	31 July
	2015	2014
	£'000s	£'000s
Scheme liabilities at start of period	16,482	14,646
Current service cost	119	152
Interest cost	670	671
Contributions by scheme participants	29	30
Actuarial loss/(gain)	1,908	1,298
Benefits paid, death in service insurance premiums and expenses	(546)	(450)
Expenses	132	135
Scheme liabilities at end of period	<u>18,794</u>	<u>16,482</u>

Analysis of movement in the market value of scheme assets

	Year	Year
	Ending	Ending
	31 July	31 July
	2015	2014
	£'000s	£'000s
Fair value of scheme assets at start of period	13,119	12,034
Expected return on scheme assets	651	615
Actuarial gains / (losses)	1,625	333
Contributions by employer	478	557
Contributions by scheme participants	29	30
Benefits paid, death in service insurance premiums and expenses	(546)	(450)
Fair value of scheme assets at end of period	<u>15,356</u>	<u>13,119</u>

The actual return on the scheme assets over the period ending 31 July 2015 was £2,276,000.

NOTES TO THE ACCOUNTS

Year ended 31 July 2015

The experienced gains and losses for the current and previous four years

	2015	2014	2013	2012	2011
Present value of scheme liabilities (£'000)	(18,794)	(16,482)	(14,646)	(15,612)	(13,818)
Fair value of scheme assets (£'000)	15,356	13,119	12,034	10,697	10,091
Surplus/(deficit) (£'000)	(3,438)	(3,363)	(2,612)	(4,915)	(3,727)

Difference between the expected and actual return on scheme assets:

Amount (£'000)	1,625	333	935	136	620
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Experienced gains and losses on scheme liabilities:

Amount (£'000)	(3)	2	(146)	1,326	(52)
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Total amount recognised in the STRGL

Amount (£'000)	(283)	(965)	2,402	(1,172)	(31)
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Teachers' Pension Scheme

The latest actuarial valuation of the scheme was as at 31 March 2012. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme in June 2014. The GA concluded that, at the date of the valuation, the liabilities in the scheme were £191.5bn and the value of the assets was £176.6bn giving a notional past service deficit of £15.0bn

The total recommended rate of contribution payable by employers from 1 April 2015 is 16.4% (previously 14.1%) of salary.

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2004 valuation, are shown below:

Latest actuarial valuation	31 March 2012	31 March 2004
Actuarial method	prospective benefits	prospective benefits
Discount rate :		
Real	3.00%	3.50%
Nominal	5.06%	6.50%
Pensions increases	2.00%	2.90%
Long term salary growth	4.75%	4.40%
- In excess of assumed	2.75%	1.50%

Under the definitions set out in FRS17, the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the University an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption of FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out above the information on the scheme and the implication for the University in terms of the anticipated contribution rates.

NOTES TO THE ACCOUNTS**Year ended 31 July 2015****USS**

The institution 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 scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying asset and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by the FRS 17 "retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2011. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £0.85bn of liabilities to reflect recent experience) and pensions would increase by 3.4% per annum for the 3 years following the valuation and then 2.6% thereafter. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 4.4% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 3.4% per annum for the 3 years following the valuation and then 2.6% thereafter.

At the valuation date, the value of the assets of the scheme was £32,433million and the value of the past service liabilities was £47,594 million indicating a deficit of £15,160million. The assets therefore were sufficient to cover 68% of the benefits which had accrued to members after allowing for expected future increases in earning.

The employer contribution rate paid by the Institution to USS for the period 1 August 2014 to 31 July 2015 was 16% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment.

35. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

36. CAPITAL COMMITMENTS

	Consolidated		University of Wales: Trinity Saint David	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Commitments contracted for at 31 July	9,127	278	9,000	0
	9,127	278	9,000	0

37. CONTINGENT LIABILITIES

There is a contingent liability of £300k in respect of the University of Wales, Lampeter Pension & Assurance Scheme.

The University is currently pursuing an action for rectification in relation to Guaranteed Minimum Pension payments payable by the University of Wales, Lampeter Pension & Assurance Scheme.

The University management has sought legal advice and is of the belief that the University has strong legal grounds to believe that such an action would be successful.

38. RELATED PARTIES

Due to the nature of the University's operations and the composition of Council (being drawn from local public and private organisations) it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. No transactions require disclosure under Financial Reporting Standard: FRS 8 Related Party Disclosures.