

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Financial Statements

31 July 2014

REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS	Page
Members	1
Professional advisors	2
Operating & financial review	3-13
Corporate governance statement	14-16
Statement of responsibilities of council of the institution	17-18
Independent auditor's report	19-20
Consolidated income and expenditure account	21
Consolidated statement of total recognised gains and losses	22
Balance sheets	23-24
Consolidated cash flow statements	25
Notes to the accounts	26-66

MEMBERS

Dr Geoffrey Thomas (Co-Chair)			
Dr Gerald Lewis (Co-Chair)			
The Venerable Randolph Thomas (Co Vice-Chair)			
Mr Phil Owen (Co Vice-Chair)			
Prof Medwin Hughes (Vice-Chancellor)			
Prof David Warner (Senior Provost)	-	resigned	October 2013
Mrs Maria Stedman (nee Jones)			
Mr Eifion Griffiths			
Mr Andrew Curl			
Dr Sian Wyn Siencyn			
Mr Ceredig Emanuel	-	resigned	August 2013
Ms Abi Jenkins (Student President)	-	resigned	July 2014
Mr Jack Girvin			
Mrs Pam Berry			
Mrs Kathryn David	-	resigned	August 2013
Mr George Sambrook			
Mr Alun Thomas			
Ms. Beth Thomas (Student President)			
Ms. Flora McNerney (Student President)	-	appointed	July 2014
Mr Roger Evans	-	appointed	September 2013
Ms Cath Hargreaves	-	appointed	August 2013, resigned October 2013
Ms Olive Hopker	-	appointed	August 2013
Ms Virginia Isaac	-	appointed	August 2013
Mr Mark James	-	appointed	August 2013
Dr Mirjam Plantiga	-	appointed	August 2013
Mr Steven Stokes	-	appointed	August 2013
Ms Alison Coleman	-	appointed	December 2013
Mr Mark Cocks	-	appointed	December 2013
Ms Alison Harding	-	appointed	March 2014

The above list includes 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 2013-14

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

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. After the dissolution of the entity known as Swansea Metropolitan University on 1st August 2013 all staff transferred, under TUPE arrangements, to University of Wales: Trinity Saint David. The merger has been accounted for using merger accounting under the provisions of FRS 6 (Acquisitions and Mergers). The comparative figures presented in these financial statements are for the new merged University and have not been reported previously.

The Trinity University College Limited (TUC), on 1st August 2013 all staff transferred, under TUPE arrangements, to University of Wales: Trinity Saint David. Prior to the merger of University of Wales Lampeter and Trinity University College in November 2010 this entity undertook the main trading activities of the University. Subsequent to this merger this company still employed all former TUC staff until the TUPE transfer in August 2013 and the running of this payroll was the only activity of this entity. 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.

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 Ceridigion 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 2014 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;
- 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 2014 is summarised as follows:

	2013/14	2012/13
	£'000	£'000
Income	108,597	108,314
Expenditure	(106,998)	(102,245)
Profit on Sale of Assets	226	40
Exceptional Items	(1,668)	0
Taxation	(12)	(12)
Capital Reserve-Historic cost adjustment	<u>661</u>	<u>660</u>
Historic Cost Surplus	<u><u>806</u></u>	<u><u>6,757</u></u>

The consolidated results recorded a historic cost surplus for the year, retained within General Reserves, of £0.8 million (2013: 6.78 million). This continues the trend of positive financial performance experienced in recent years, and is reflective of the University's financial control environment. 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 and the University's strategic aims to deliver operational surpluses to allow further capital investment over the strategic planning cycle.

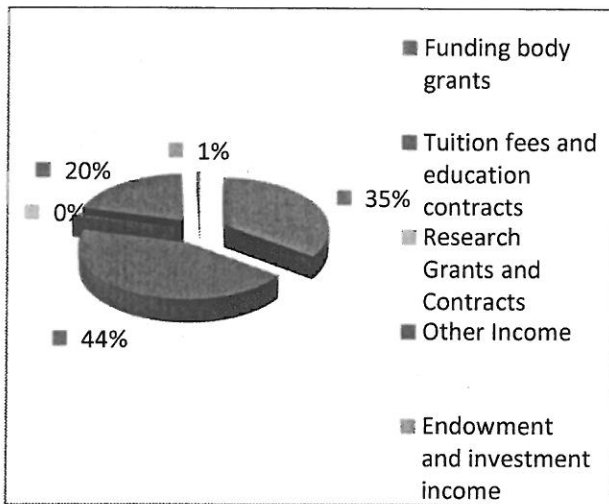
OPERATING AND FINANCIAL REVIEW

INCOME

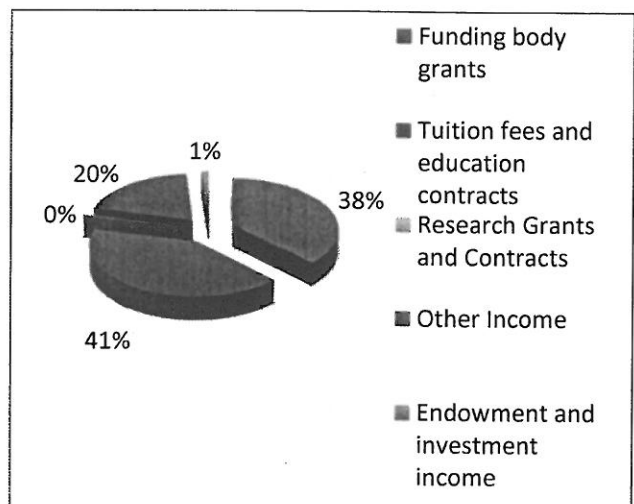
The consolidated total income for the year amounted to £108.6 million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £9.8 million which represented 9% of total income for the year. Grants from the Welsh Government, received by Coleg Sir Gar and Coleg Ceredigion are included in funding body grants and amounted to £26.5 million, representing 24.4% of total income.

Tuition Fees and Education Contracts income amounted to £47.8 million which represented 44% of total income for the year.

2014 Income by Category



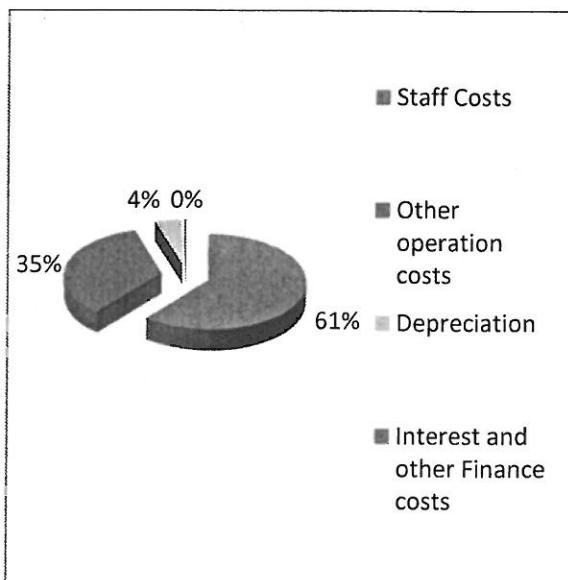
2013 Income by Category



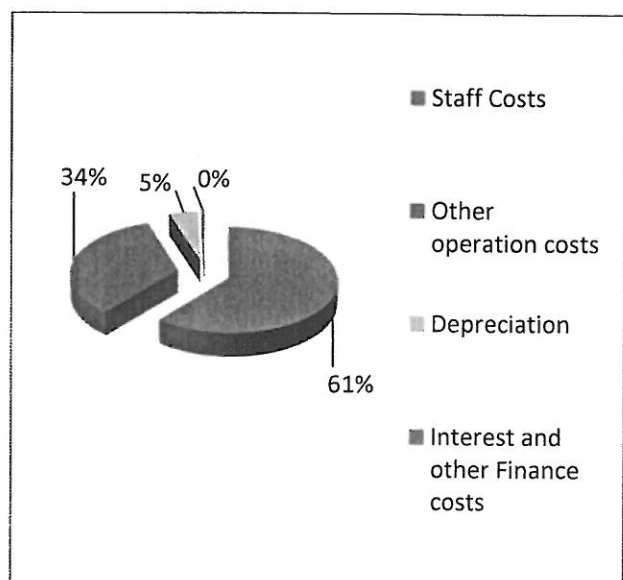
EXPENDITURE

Staffing costs represented 60% of total income for the year (2013: 57.6%) and 61% of total expenditure (2013: 61%). Other operating costs for the year were £36.9 million (2013: £34.8 million).

2014 Expenditure by Category



2013 Expenditure by Category



OPERATING AND FINANCIAL REVIEW

BALANCE SHEET

The consolidated Balance Sheet discloses a net current assets position of £40.2 million as at 31 July 2014 (2013: £53.4m). This follows an income and expenditure account result, in line with the latest estimates. There has been a substantial capital investment in the year of £16.4 million, 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.

CASH FLOW

The consolidated net cash inflow from operating activities of £3.1 million (2013: £ 4.5 million) and a total cash outflow of £12 million (2013: inflow £0.6 million) due to significant investment in the campus environment. The capital expenditure in the year included the purchase of Technium 1 and 2 in SA1, the redevelopment of the old central library on Alexandra Road Swansea, the completion of new Learning and Teaching building on the Carmarthen campus and the redevelopment of the Library on the Lampeter campus, together with improvements to student accommodation on all campuses.

TREASURY MANAGEMENT

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. The University's short term deposits are managed by Tradition UK Ltd, the performance of which is monitored by the Finance & Strategic Planning Committee. At 31 July 2014, the consolidated short term deposits and cash of £45.9 million (2013: £58 million).

LIQUIDITY

The University's liquidity levels remain acceptable with a current ratio of 3.3 as at 31 July 2014.

The value of endowment asset investments is substantial, at £9.1 million (2013: £8.4 million). The market value of the portfolios has increased over the year reflecting the recovery for 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.

All external borrowing had been repaid at 31 July 2014.

Creditors due within one year amount to £17.2 million and included £1.2 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 £2.6 million to £3.4 million. The increase in the deficit has principally been driven by a change in financial and demographic assumptions compared to 2013.

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 decreased during the year from £4.2 million to £3.1 million due to net actuarial gains of £1.0 million. The Swansea Pension Fund deficit decreased during the year from £10.5 million to £ 8.7 million due to net actuarial gains of £1.9 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:

CREATION OF A TRANSFORMED UNIVERSITY

On the 28 September 2012 the University received the Supplemental Charter and Statutes which finalised the merger between the University of Wales: Trinity Saint David, and Swansea Metropolitan University. Her Majesty's Privy Council gave its approval for the merger in July 2012. The Lord Chancellor subsequently applied the Great Seal to the new Charter, which extends the Royal Charter that established the University of Wales Lampeter in 1822. The Welsh Minister passed a dissolution order for Swansea Metropolitan University on 31 July 2013. All the assets and liabilities, including staff, were transferred to University of Wales: Trinity Saint David on 1 August 2013.

This is a significant development for the university sector in Wales. The enlarged University of Wales: Trinity Saint David is creating exciting opportunities not only for students; it creates a new national higher education system that will transform the planning and delivery of higher and further education in Wales. The creation of this new University presents significant opportunities to engage with key agencies, including employers, to provide opportunities for a greater proportion to achieve higher level skills.

As a result of the merger and consolidation to create the new group turnover has increased from £35.6 million in 2012/13 to £108.6 million in 2013/14.

A NEW WALES UNIVERSITY EDUCATION

The creation of the group is being undertaken from a position of strength, with the institutions having very good quality academic profiles and sound financial health. On 1 August 2013 all assets and liabilities, including staff, transferred from Coleg Sir Gâr to Coleg Sir Gâr Ltd, a wholly owned subsidiary of the University of Wales: Trinity Saint David. In January 2014 all assets and liabilities, including staff, transferred from Coleg Ceredigion to Coleg Ceredigion Ltd, a wholly owned subsidiary of the University of Wales: Trinity Saint David.

The institutions have embarked on a journey to transform education in the South West Wales region, with the consolidation of Coleg Sir Gâr and Coleg Ceredigion into a strong and innovative educational group structure. The transformed University will transcend education boundaries to form cohesive progression routes from secondary schools and further education colleges into higher education with a strategy to improve opportunities for learners at all levels across the region.

PLANS FOR NEW WATERFRONT INNOVATION CAMPUS

Plans to create a vibrant new multi-million pound university campus in Swansea got underway following an agreement by the Welsh Government to sell a number of development plots on SA1 Swansea Waterfront to the University.

The announcement was made in January by Economy Minister Edwina Hart. With its close proximity to the city centre the SA1 development was identified by UWTSD as the ideal location to develop a new campus providing modern education and research facilities and recreational opportunities for students. It aligns with the Welsh Government's vision for the SA1 Swansea Waterfront to create a dynamic new quarter.

The plans for the new campus will contribute to the overall mixed use nature of this major regeneration scheme and should add vibrancy to the overall development, providing the University with the opportunity to develop modern purpose designed teaching facilities for students and staff and enable it to develop closer links with local businesses for the benefit of the economy.

OPERATING AND FINANCIAL REVIEW

This prime waterfront location in the heart of the city will transform the educational experience for staff and students. It will enable the University to provide a vibrant city experience, connecting academia with innovation, enterprise, businesses and the community.

The University plans to develop a range of innovation hubs in different disciplines bringing together the expertise and creativity of its staff. The University's commitment is to transform education and by doing so, making a positive contribution to the Swansea Bay City region.

The University is working with the City and County of Swansea to develop the vision so that it will deliver a positive impact for Swansea, the wider region and for Wales.

RELOCATION OF S4C TO CARMARTHENSHIRE

The University is delighted that S4C has decided to establish a new headquarters for the channel in Carmarthen and in the Swansea Bay City Region.

The University sees this as important news in the continuation and the development of the Welsh language in Carmarthenshire and throughout the region, being vital to Carmarthenshire's economic development, creating new opportunities and new jobs in the area and a very important catalyst for the general development of the whole region.

UNIVERSITY CONTRIBUTES TO MAJOR GOVERNMENT ENTERPRISE EDUCATION REPORT

University staff contributed to a major UK Government report which recognised the key role entrepreneurs play in the drive for growth, and looked at the effectiveness of our education system in supporting our entrepreneurs – from the age of 4 to 44 and beyond.

The All-Party Parliamentary Group (APPG) for Micro Businesses launched its report, An Education System Fit for an Entrepreneur, in Westminster which included a presentation by staff from the University. The report itself contained a foreword from the United Nations' Chief of Entrepreneurship, Fiorina Mugione who chose the University to support the UN's Empretec programme, to inspire entrepreneurs in developing countries and countries with economies in transition.

DYLAN THOMAS – A UNIVERSITY'S CELEBRATION

The University organised a range of activities to celebrate the centenary of the birth of Wales's most renowned poet. The activities included a two week International Summer School on the Lampeter Campus and The Dylan Thomas International Glass and Poetry Awards, held at the Waterfront Museum in Swansea which drew entries from around the world for creative work on the theme of Harmony.

The Dylan Thomas 100 celebrations provided an opportunity for staff and students to celebrate his work and enduring legacy through a range of cultural and artistic projects linking to the Welsh Government's DT100 Festival.

UNIVERSITY HISTORIAN TO SUPPORT BBC'S GREAT WAR CENTENARY COVERAGE

A University historian has been chosen by the BBC as an expert researcher who will support the broadcaster's 'World War One at Home' project in Wales.

The Arts and Humanities Research Council (AHRC) is funding researchers to work with production teams across the UK to source, select and showcase stories related to the First World War. They will advise on the War's impact on the home nations and highlight links with broader national and international events and themes

OPERATING AND FINANCIAL REVIEW

UNIVERSITY STUDENTS CELEBRATED AWARD

A team of students from the University has become the first from a Welsh University to win a high-profile annual UK student marketing competition run by the Chartered Institute of Marketing (CIM).

The prestigious competition seeks to provide young marketers with the opportunity to develop their skills and experience, and gain the vital real-world experience required to thrive in the marketing industry.

The entry was a collaborative effort between the Faculty of Business and Management and the Faculty of Art and Design.

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 has been developed in accordance with best practice.

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

The three values, **Collaboration; Inclusivity and Employability and Creativity** – The social and economic focus of higher education particularly preparing graduates for their future professional employment, locally, 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.

OPERATING AND FINANCIAL REVIEW

The University has developed strong links with the community and is committed to 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 – 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 provider in Wales.

Global Citizenship – The University offers flexible; blended and distance-learning routes in a range of disciplines to students, and establishing a distinctive Wales: TSD 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.

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.

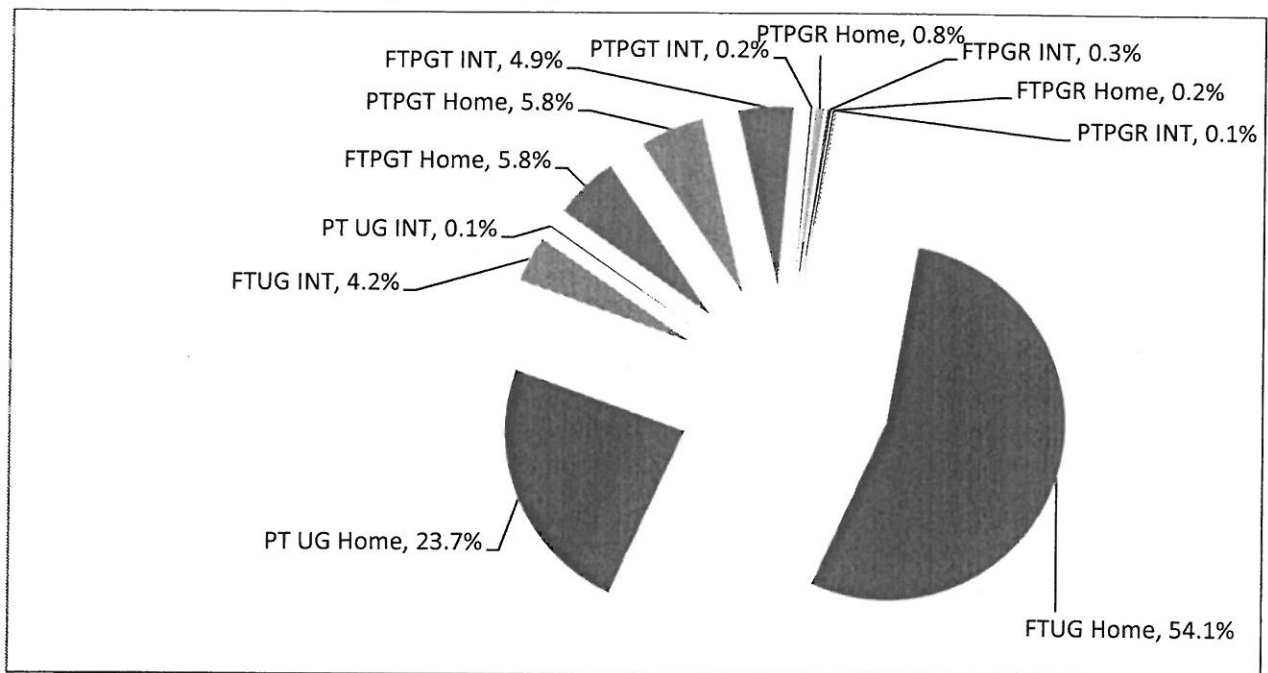
OPERATING AND FINANCIAL REVIEW

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.

Student Numbers as percentage of total population



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

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 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.

Six teams from the University won awards at the Green Impact Awards Ceremony this year.

Tuition Fees

During 2013/14 the University published its Fee plan for 2015/16 with a full time undergraduate tuition fee of £9,000 being announced, for the new cohort, the fees for continuing students remains at £7,500.

OPERATING AND FINANCIAL REVIEW

Conclusion

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

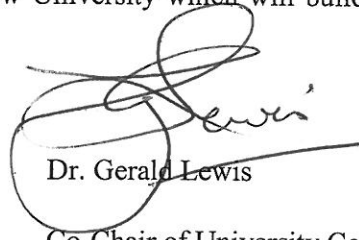
- a) there is no relevant audit information of which the University's auditors are unaware; and
- b) each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

The financial challenges of 2013/14 are likely to continue into 2014/15 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.



Dr. Geoffrey Thomas

Co-Chair of University Council



Dr. Gerald Lewis

Co-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 Governance Code of Practice published during 2009.

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 2014 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. 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 2013/14 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.
- **Corporate Governance & Nominations**
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (President, Vice-President and Treasurer).
- **Senior Remuneration**
The Senior Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Professors and Grade VI administrative staff.
- **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.

CORPORATE GOVERNANCE

- **Audit & Risk Management**

The Audit & Risk Management Committee meets at least three times a year, once with the external auditors 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.

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 Pro 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.

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).

CORPORATE GOVERNANCE

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 2014 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 University 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 University 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 University and of the surplus or deficit and cash flows for that year.

The Council recognises its responsibility for the maintenance and integrity of the University of Wales Trinity Saint David website when publishing the financial statements through this medium and 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:

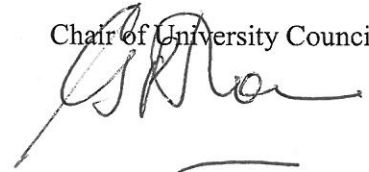
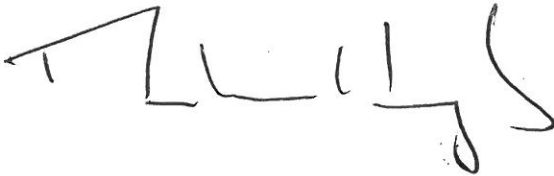
- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- Medium and short-term planning processes, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial results involving 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

Dr. Geoffrey 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 2014 which comprise Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 17, 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 Operating and Financial Review 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 2014 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
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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
- income has been applied in accordance with the University's Charter and Statutes; and
- funds provided by HEFCW have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

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

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

Emma Holiday

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

Date: 2014

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**Year ended 31 July 2014**

	Note	2014	2013
		£ '000	£ '000
INCOME			
Funding Council Grants	2	37,967	40,642
Tuition fees and education contracts	3	47,780	44,564
Research grants and contracts	4	374	333
Other operating income	5	21,885	21,481
Endowment and investment income	6	591	1,294
Total income		<u>108,597</u>	<u>108,314</u>
EXPENDITURE			
Staff costs	7	65,213	62,344
Other operating costs	8	36,915	34,778
Depreciation		4,799	4,649
Interest payable	9	71	474
Total expenditure		<u>106,998</u>	<u>102,245</u>
Surplus before profit on sale of assets		1,599	6,069
Profit on disposal of fixed assets		<u>226</u>	<u>40</u>
Surplus after disposal of fixed asset before exceptional items: continuing operations		1,825	6,109
Exceptional items	10	<u>(1,668)</u>	<u>0</u>
Surplus on continuing operations after depreciation of assets and before tax		157	6,109
Taxation		<u>(12)</u>	<u>(12)</u>
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		145	6,097
Surplus/(Deficit) for the year transferred to accumulated income in specific endowments		<u>(114)</u>	<u>(77)</u>
Surplus for the year retained in general reserves		<u>31</u>	<u>6,020</u>

NOTE OF HISTORICAL COST SURPLUS AND DEFICITS**for the Year Ended 31 July 2014**

Surplus on continuing operations	145	6,097
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year calculated on the Re-valued amount	<u>661</u>	<u>660</u>
Historical Cost Surplus after Tax	<u>806</u>	<u>6,757</u>

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2014

	Note	2014	2013
		£ '000	£ '000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		145	6,097
Actuarial gain/(loss) on Pension Scheme	34	3,577	7,953
(Decrease)/Increase in market value of investment	24	(64)	281
Movement in endowment asset investments	23	578	1,070
		<hr/>	<hr/>
Total recognised gains/(losses) related to the year		4,236	15,401
		<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION			
Opening reserves and endowments		120,385	104,984
Total recognised gains/(losses) for the year		4,236	15,401
		<hr/>	<hr/>
Closing reserves and endowments		124,621	120,385
		<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2014

	Note	Consolidated		University of Wales: Trinity Saint David	
		2014	2013	2014	2013
		£ '000	£ '000	£ '000	£ '000
FIXED ASSETS					
Intangible assets	12	0	9	0	0
Tangible assets	13	132,870	121,439	82,842	72,031
Heritage assets	13	5,955	5,955	5,955	5,955
Works of art	14	36	36	0	0
Investments	15	181	117	0	0
		<u>139,042</u>	<u>127,556</u>	<u>88,797</u>	<u>77,986</u>
ENDOWMENT ASSETS	16	<u>9,143</u>	<u>8,372</u>	<u>8,809</u>	<u>8,030</u>
CURRENT ASSETS					
Stocks	17	245	266	61	70
Debtors	18	11,192	10,096	18,979	17,904
Investments		10,601	10,655	10,601	10,655
Cash at bank and in hand		35,348	47,413	23,129	34,677
		<u>57,386</u>	<u>68,430</u>	<u>52,770</u>	<u>63,306</u>
CREDITORS: amounts falling due within one year	19	<u>(17,227)</u>	<u>(15,024)</u>	<u>(19,741)</u>	<u>(17,869)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>40,159</u>	<u>53,406</u>	<u>33,029</u>	<u>45,437</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>188,344</u>	<u>189,334</u>	<u>130,635</u>	<u>131,453</u>
CREDITORS: amounts falling due after more than one year	20	(0)	(0)	(0)	(0)
PROVISIONS FOR LIABILITIES AND CHARGES	21	<u>(4,433)</u>	<u>(4,618)</u>	<u>(2,499)</u>	<u>(2,645)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>183,911</u>	<u>184,716</u>	<u>128,136</u>	<u>128,808</u>
Pension Liability	34	<u>(22,574)</u>	<u>(25,861)</u>	<u>(15,231)</u>	<u>(17,282)</u>
		<u><u>161,337</u></u>	<u><u>158,855</u></u>	<u><u>112,905</u></u>	<u><u>111,526</u></u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2014

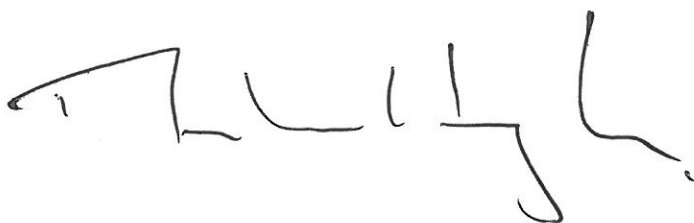

(Continued)

	Notes	Consolidated		University of Wales Trinity Saint David	
		2014	2013	2014	2013
		£ '000	£ '000	£ '000	£,000
Deferred capital grants	22	36,716	38,470	15,682	16,937
Endowment funds:					
Expendable		22	23	0	0
Permanent		9,121	8,349	8,809	8,030
	23	9,143	8,372	8,809	8,030
RESERVES					
Revaluation Reserve	24	43,494	44,166	32,419	32,845
Income and Expenditure account excluding pension reserve	24	94,558	93,708	71,226	70,996
Pension reserve	24	(22,574)	(25,861)	(15,231)	(17,282)
		71,984	67,847	55,995	53,714
TOTAL RESERVES		115,478	112,013	88,414	86,559
		161,337	158,855	112,905	111,526

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

16 DECEMBER, 2014

Vice Chancellor

Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2014

	Note	2014 £ '000	2013 £ '000
Net cash inflow from operating activities	25	3,054	4,516
Returns on investments and servicing of finance	26	589	1,288
Taxation		(12)	(12)
Capital expenditure and financial investment	27	(15,378)	(7,233)
Management of liquid resources	28	(23)	2,379
Net cash (outflow)/inflow before financing		(11,770)	938
Financing activities	29,31	(265)	(342)
(Decrease)/Increase in cash in the year	30,31	(12,035)	596

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****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 ; 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 a 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 2014 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.

Merger accounting

The University of Wales: Trinity Saint David (UWTSD) merged with Swansea Metropolitan University (SMU) and Coleg Sir Gar (CSG) on 1 August 2013. This merger has been accounted for using merger accounting under provisions of FRS6 (Acquisitions and Mergers). Coleg Ceredigion (CC) merged into the group on 1 January 2014 the Council considered that merger accounting is appropriate under FRS6, to give a true and fair view of the merger, as the group has been expanded by the amalgamation of UWTSD, SMU, CSG and CC to create a Dual Sector University and the transactions are not commercial in nature with assets and liabilities having been transferred into the group for nil consideration. The comparative figures presented in these financial statements are for the new merged University, the impact of these mergers on the financial statements is detailed in note 39.

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 2014**

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.

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 2014****Total return on investment for permanent endowments**

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

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

Pensions

University academic staff are members of the Teachers' Pension Scheme (TPS) and Universities Superannuation Scheme (USS). The University contributed 14.1% of academic employees' gross pay for TPS and 16% for USS. Employees' own contributions to all schemes are deducted from their salaries and paid over to the fund by the University. Administrative non-academic staff are either members of the Dyfed Pension Fund, the University contributes 17.5% of their gross pay; Swansea Pension Fund, the University contributed 14.4% of their gross pay to 31 March 2014 and 22.4% from 1 April 2014; UWL Pension & Assurance Scheme for non-academic staff appointed before 12th February 2007, the University contributed 19.45% of their gross pay to 30 September 2013, and 19.8% from 1 October 2013; or the Universities Superannuation Scheme.

Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Pension payments are made by the University to staff who have taken early retirement. Full provision for the expected costs of such payments is made in the year of retirement.

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.

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 2014

	2014 £ '000	2013 £ '000
2. FUNDING BODY GRANTS		
HEFCW		
Recurrent Grants	5,936	9,684
Specific Grants	3,825	3,259
Release from Deferred Grants	1,277	1,156
WELSH GOVERNMENT		
Recurrent Grants	20,592	21,256
Specific Grants	5,869	4,809
Release from Deferred Grants	468	478
	<u>37,967</u>	<u>40,642</u>
3. TUITION FEES		
Full Time Students (UK and EU)	37,113	34,786
Full Time Students (Non EU)	6,103	5,671
Part Time Students	2,450	2,248
Education Contracts	2,114	1,859
	<u>47,780</u>	<u>44,564</u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	56	117
UK Based Charities	87	168
Other Grants & Contracts	231	48
	<u>374</u>	<u>333</u>
5. OTHER OPERATING INCOME		
Catering and residence operations	6,802	7,430
EU Grants	4,291	3,782
Other income generating activities	3,418	3,087
Other income	7,005	6,849
Deferred Capital Grant released in year	369	333
	<u>21,885</u>	<u>21,481</u>
6. INVESTMENT INCOME		
Bank and other interest received	323	1,069
Income from permanent endowments (note 23)	268	225
	<u>591</u>	<u>1,294</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****7. STAFF NUMBERS AND COSTS**

	2014	2013
	FTE	FTE
The average monthly number of persons employed by the University during the year was		
Academic Departments	832	829
Non-Academic Departments	858	790
	<u>1,690</u>	<u>1,619</u>

	2014	2013
	£ '000	£ '000
Staff costs for the above persons		
Teaching departments	37,104	37,264
Academic services	4,147	3,655
Other support services	1,795	1,551
Administration and central services	13,711	12,575
Other income generating activities	3,670	3,056
Premises	3,506	3,095
Catering and residence	1,280	1,148
	<u>65,213</u>	<u>62,344</u>

Wages and salaries	53,529	50,418
Social security costs	3,974	4,131
Other pension costs	7,687	7,420
Redundancy	23	375
	<u>65,213</u>	<u>62,344</u>

Remuneration of higher paid staff.

		2014	2013
		No.	No.
£100,000	£109,999	-	-
£110,000	- £119,999	-	1
£120,000	- £129,999	2	1
£130,000	- £139,999	1	-
£160,000	- £169,999	1	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:

	2014	2013
	£ '000	£ '000
Salary	204	196
Benefits in kind	14	14
	<u>218</u>	<u>210</u>
Pension contributions	33	31

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 2014

The post of Senior Provost became redundant on 30 September 2014. As a result the post holder received a termination payment, in accordance with the contract of employment. A sum of £168K has therefore been provided for in the University's financial statements.

8. OTHER OPERATING COSTS

	2014	2013
	£ '000	£ '000
Teaching departments	8,286	7,571
Academic Services	5,192	4,604
Other Support Services	1,391	1,424
Administration and central services	11,001	10,913
Other income generating activities	1,332	1,230
Premises	8,074	7,310
Catering and residences	1,639	1,726
	<u>36,915</u>	<u>34,778</u>

Other operating expenses include:

External auditor's remuneration-audit services –		
The University and Group	55	89
The Subsidiaries	29	25
External auditor's remuneration-non audit services	21	16
Internal Audit	65	74
Operating Leases – Land & Buildings	351	127
– Other	586	624

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****9. INTEREST PAYABLE**

	2014	2013
	£ '000	£ '000
On bank loans, overdrafts and other loans		
Repayable in more than five years	2	6
Net charge on pension scheme	69	468
	<u>71</u>	<u>474</u>

10. EXCEPTIONAL ITEMS: Continuing Operations

	2014	2013
	£ '000	£ '000
Redundancy costs	953	0
Employment Tribunal costs	715	0
	<u>1,668</u>	<u>0</u>

The exceptional items for the year to 31 July 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 2013 and 31 July 2014

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

At 1 August 2013

293

Charge for the year

9

At 31 July 2014

302**Net book value**

At 31 July 2014

0

At 31 July 2013

9

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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 2013	117,526	10,995	18,532	30,833	241	408	5,955	184,490
Additions in the year	7,451	7,156	0	1,864	0	3	0	16,474
Assets completed in the year	5,295	(5,295)	0	0	0	0	0	0
Disposals	(304)	0	0	(45)	0	0	0	(349)
At 31 July 2014	129,968	12,856	18,532	32,652	241	411	5,955	200,615
Accumulated depreciation								
At 1 August 2013	26,885	0	1,469	28,533	209	0	0	57,096
Charge for the year	2,864	0	365	1,550	11	0	0	4,790
Disposals	(51)	0	0	(45)	0	0	0	(96)
At 31 July 2014	29,698	0	1,834	30,038	220	0	0	61,790
Net book value								
At 31 July 2014	100,270	12,856	16,698	2,614	21	411	5,955	138,825
At 31 July 2013	90,641	10,995	17,063	2,300	32	408	5,955	127,394
University								
Cost or Valuation								
At 1 August 2013	58,474	5,700	18,532	22,761	241	0	5,955	111,663
Additions in the year	5,581	7,156	0	1,366	0	0	0	14,103
Disposals	(174)	0	0	0	0	0	0	(174)
Assets completed in the year	0	0	0	0	0	0	0	0
At 31 July 2014	63,881	12,856	18,532	24,127	241	0	5,955	125,592
Accumulated depreciation								
At 1 August 2013	11,180	0	1,469	20,819	209	0	0	33,677
Charge for the year	1,518	0	365	1,238	11	0	0	3,132
Disposal	(14)	0	0	0	0	0	0	(14)
At 31 July 2014	12,684	0	1,834	22,057	220	0	0	36,795
Net book value								
At 31 July 2014	51,197	12,856	16,698	2,070	21	0	5,955	88,797
At 31 July 2013	47,294	5,700	17,063	1,942	32	0	5,955	77,986

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 2014****14. WORKS OF ART**

	Consolidated £ '000
Cost	
At 1 August 2013	36
Additions	0
	<hr/>
Balance at 31 July 2014	<u>36</u>

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

15. INVESTMENTS

	Consolidated		University of Wales Trinity Saint David	
	2014 £ '000	2013 £ '000	2014 £ '000	2013 £ '000
200 ordinary £1 shares – Welsh Networking Limited	0	0	0	0
Listed investments	42	53	0	0
Other investments	139	64	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>181</u>	<u>117</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. ENDOWMENT ASSETS

Consolidated	2014 £ '000	2013 £ '000
Balance at 1 August	8,372	7,189
Increase /(Decrease) in market value of Investments	578	1,070
Increase/(Decrease) in cash balances held for endowments	193	113
	<hr/>	<hr/>
Balance at 31 July	<u>9,143</u>	<u>8,372</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

University of Wales: Trinity Saint David	2014	2013
	£ '000	£ '000
Balance at 1 August	8,030	6,845
Increase /(Decrease) in market value of Investments	586	1,071
Increase /(Decrease) in cash balances held for endowments	193	114
Balance at 31 July	8,809	8,030

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

17. STOCKS

	Consolidated		University of Wales: Trinity Saint David	
	2014	2013	2014	2013
	£ '000	£ '000	£ '000	£ '000
Stocks and Stores	245	266	61	70

18. DEBTORS

	Consolidated		University of Wales Trinity Saint David	
	2014	2013	2014	2013
	£ '000	£ '000	£ '000	£ '000
DUE WITHIN ONE YEAR				
Debtors for goods and services	5,962	3,889	2,677	2,767
Other debtors and prepaid expenditure	5,230	5,977	5,228	4,367
Amounts due from subsidiaries	0	0	7,223	6,919
	11,192	9,866	15,128	14,053
DUE AFTER ONE YEAR				
Trinity College	0	0	3,851	3,851
Other debtors	0	230	0	0
	11,192	10,096	18,979	17,904

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2014 £ '000	2013 £ '000	2014 £ '000	2013 £ '000
Bank loan (note 20)	0	265	0	265
Creditors for goods and services	5,226	3,871	3,373	2,437
Other creditors including tax and social security	1,399	1,294	1,030	533
Accruals and deferred income	9,360	7,919	7,985	6,474
Grants received in advance	1,242	1,675	194	511
Amounts due to subsidiaries	0	0	7,159	7,649
	<u>17,227</u>	<u>15,024</u>	<u>19,741</u>	<u>17,869</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 £30K (2012/13 £ 172K) 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.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2014 £ '000	2013 £ '000	2014 £ '000	2013 £ '000
Bank loan	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The bank loan is repayable as follows:

Due	Consolidated		University of Wales: Trinity Saint David	
	2014 £ '000	2013 £ '000	2014 £ '000	2013 £ '000
Within one year	<u>0</u>	<u>265</u>	<u>0</u>	<u>265</u>
After one year				
One to two years	0	0	0	0
Two to five years	0	0	0	0
After five years	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>265</u>	<u>0</u>	<u>265</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

21. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated	Other	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	711	38	3,869	4,618
Payments in year	0	0	(350)	(350)
Charge for the year	0	0	165	165
Balance at 31 July	711	38	3,684	4,433

University of Wales: Trinity Saint David	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	38	2,607	2,645
Payments in year	0	(262)	(262)
Charge for the year	0	116	116
Balance at 31 July	38	2,461	2,499

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 £ '000	Other grants £ '000	Total £ '000
At 1 August			
Land and buildings	20,686	16,520	37,206
Equipment	747	516	1,263
Grants capitalised in year			
Land and buildings	0	139	139
Equipment	100	122	222
Released to income and expenditure account			
Land and buildings	(618)	(555)	(1,173)
Equipment	(659)	(282)	(941)
At 31 July			
Land and buildings	20,068	16,104	36,172
Equipment	188	356	544

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

22. DEFERRED CAPITAL GRANTS (continued)

UNIVERSITY OF WALES: TRINITY SAINT DAVID	HEFCW £ '000	Other grants £ '000	Total £ '000
At 1 August			
Land and buildings	13,542	2,318	15,860
Equipment	701	376	1,077
Grants capitalised in year			
Land and buildings	0	0	0
Equipment	100	0	100
Released to income and expenditure account			
Land and buildings	(431)	(62)	(493)
Equipment	(659)	(203)	(862)
At 31 July			
Land and buildings	<u>13,111</u>	<u>2,256</u>	<u>15,367</u>
Equipment	<u>142</u>	<u>173</u>	<u>315</u>

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:

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	Restricted Expendable £ '000	2014 Total £ '000	2013 Total £ '000
Balance at 1 August						
Capital	1,089	3,650	4,739	23	4,762	3,692
Accumulated income	2,354	1,256	3,610	0	3,610	3,497
	<u>3,443</u>	<u>4,906</u>	<u>8,349</u>	<u>23</u>	<u>8,372</u>	<u>7,189</u>
New Endowments	0	0	0	0	0	
Investment income	96	172	268	1	269	225
Awards and payments	(16)	(58)	(74)	(2)	(76)	(114)
Increase/(Decrease) in market value	229	349	578	0	578	1,072
Balance at 31 July	<u>3,752</u>	<u>5,369</u>	<u>9,121</u>	<u>22</u>	<u>9,143</u>	<u>8,372</u>
Represented by:						
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

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

University of Wales: Trinity Saint David

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2014 Total £ '000	2013 Total £ '000
Balance at 1 August					
-Capital	1,063	3,358	4,421	4,421	3,350
-Accumulated income	2,354	1,254	3,608	3,608	3,495
	<u>3,417</u>	<u>4,612</u>	<u>8,029</u>	<u>8,029</u>	<u>6,845</u>
Investment income	96	172	268	268	225
Awards and payments	(16)	(58)	(74)	(74)	(111)
Increase/(Decrease) in market value of investments	230	356	586	586	1,071
	<u>3,727</u>	<u>5,082</u>	<u>8,809</u>	<u>8,809</u>	<u>8,030</u>
Balance at 31 July					

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 2013	44,166	93,708	(25,861)	112,013
Surplus for the year		322	(291)	31
Transfer from revaluation to Income and Expenditure Account	(661)	661	0	0
Actuarial gain/(loss) on the pension scheme	0	0	3,578	3,578
(Decrease)/Increase in market value of investment	(11)	0	0	(11)
Investment losses-reversal of previous uplift credited to Income and expenditure account	0	(53)	0	(53)
Transfer to General Endowment	0	(80)	0	(80)
At 31 July 2014	<u>43,494</u>	<u>94,558</u>	<u>(22,574)</u>	<u>115,478</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

University of Wales: Trinity Saint David

	Revaluation Reserve	Income and Expenditure reserve	Pension Reserve	Total
	£' 000	£' 000	£' 000	£' 000
At 1 August 2013	32,845	70,996	(17,282)	86,559
Surplus for the year	0	(63)	73	10
Transfer from revaluation	(426)	426		0
Actuarial gain/(loss) on the pension scheme	0	0	1,978	1,978
Investment losses-reversal of previous uplift credited to Income and expenditure account	0	(53)		(53)
Transfer to general endowment	0	(80)		(80)
At 31 July 2014	32,419	71,226	(15,231)	88,414

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

	Consolidated	
	2014	2013
	£ '000	£ '000
Surplus for the year	157	6,109
(Decrease) in provision for pensions/redundancies	(185)	(86)
Depreciation	4,799	4,649
Profit on disposal of asset	(226)	(44)
Deferred capital grants released	(2,114)	(1,968)
Specific grant release to income	(478)	(771)
(Increase)/ Decrease in stocks	21	(26)
(Increase) in debtors	(1,096)	(2,572)
(Decrease)/Increase in creditors	2,666	(454)
Interest paid	2	6
Interest received	(591)	(1,294)
(Increase)/Decrease in endowment net current asset	(192)	35
FRS 17 Adjustment	291	932
Net cash (outflow)/inflow from operating activities	3,054	4,516

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2014	2013
	£ '000	£ '000
Interest paid	(2)	(6)
Interest received	591	1,294
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	<u>589</u>	<u>1,288</u>

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014	2013
	£ '000	£ '000
Purchase of tangible fixed assets	(16,474)	(13,577)
Capital grants received	261	1,244
Unspent specific grant received	380	0
Endowment assets acquired	(2,078)	(782)
New investment acquired	(75)	0
Receipts from sale of endowments assets	2,129	831
Receipts from maturing investment	0	5,000
Proceeds from disposal of fixed asset	479	51
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure and financial investment	<u>(15,378)</u>	<u>(7,233)</u>

28. MANAGEMENT OF LIQUID RESOURCES

	2014	2013
	£ '000	£ '000
Movement in short-term deposits	(23)	2,379
	<u> </u>	<u> </u>

29. FINANCING

	2014	2013
	£ '000	£ '000
Loan repayments	(265)	(342)
	<u> </u>	<u> </u>
	<u>(265)</u>	<u>(342)</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****30. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2014	2013
	£ '000	£ '000
(Decrease)/Increase in cash	(12,035)	596
Cash flow from movement in liquid resources	21	(2,379)
Cash flow from decrease in debt	265	342
	<u>(11,749)</u>	<u>(1,441)</u>
Decrease in net debt	(11,749)	(1,441)
Net cash at 1 August	48,283	49,724
Net cash at 31 July	<u>36,534</u>	<u>48,283</u>

31. ANALYSIS OF NET DEBT

	1 August	Change	31 July
	2013	in year	2014
	£ '000	£ '000	£ '000
Consolidated			
Cash at bank and in hand	47,413	(12,065)	35,348
Endowment cash held by University	1,028	30	1,058
Bank overdraft	0	0	0
	<u>48,441</u>	<u>(12,035)</u>	<u>36,406</u>
Endowment cash held by investment managers	107	21	128
Bank loan	(265)	265	0
	<u>48,283</u>	<u>(11,749)</u>	<u>36,534</u>

32. FINANCIAL COMMITMENTS

At 31 July 2014, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	£ '000	£ '000	£ '000	£ '000
In One Year or less	90	169	0	72
Between Two and Five Years	582	620	119	127
In Five Years or More	331	0	331	0
	<u>1,003</u>	<u>789</u>	<u>450</u>	<u>199</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 2014****33. FINANCIAL CONTINGENCY FUNDS**

	2014 £ '000	2013 £ '000
Unspent at 1 August	44	53
Welsh Government grants	716	700
Loans Repaid	19	9
Interest earned	0	1
	<hr/>	<hr/>
	779	763
Disbursed to students	(706)	(698)
Administration	(22)	(21)
Funds returned to Assembly	(1)	0
	<hr/>	<hr/>
Balance unspent at 31 July	<u>50</u>	<u>44</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 University 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:

	£'000
Contributions paid:	
TPS	
University of Wales: Trinity Saint David	1,387
Coleg Sir Gar	1,319
Coleg Ceredigion	245
USS	
University of Wales: Trinity Saint David	1,525
Local Government Schemes	
University of Wales: Trinity Saint David	1,450
Coleg Sir Gar	778
Coleg Ceredigion	174
In House Scheme	
University of Wales: Trinity Saint David	132
FRS 17 adjustments	
University of Wales: Trinity Saint David	151
Coleg Sir Gar	316
Coleg Ceredigion	64
Restructuring Provision	
University of Wales: Trinity Saint David	116
Coleg Sir Gar	67
Coleg Ceredigion	<u>(37)</u>
Total Pension cost Per Note 7	<u><u>7,687</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

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

	£' 000
In House Scheme:	
UWLPS – University of Wales: Trinity Saint David	3,363
Local Government Schemes:	
Swansea – University of Wales: Trinity Saint David	8,720
Dyfed – University of Wales: Trinity Saint David	3,148
Dyfed – Coleg Sir Gar	6,629
Dyfed – Coleg Ceredigion	<u>714</u>
Liability per consolidated accounts 31 July 2014	<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 2014 by a qualified independent actuary. The major assumptions used by the actuary were:

	2014 %	2013 %	2012 %
Rate of increase in salaries	3.8	4.15	3.85
Rate of increase in pensions	2.3	2.4	2.1
Discount rate	4.3	4.5	4.3
Rate of inflation	2.3	2.4	2.1

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

	31 July 2014	31 July 2013
Retiring today		
Males	23.2	22.4
Females	25.7	25.0
Retiring in 20 years		
Males	25.4	24.2
Females	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 2014

Fair value of assets and expected rates of return as at 31 July 2014, 31 July 2013, and 31 July 2012 were:

	Long-term expected return at 31 July 2014	Fair value at 31 July 2014 £'000	Long-term expected return at 31 July 2013	Fair value at 31 July 2013 £'000	Long-term expected return at 31 July 2012	Fair value at 31 July 2012 £'000
Equities	7.0%	10,061	7.0%	8,725	7.0%	7,442
Government Bonds	3.2%	1,378	3.3%	1,215	2.5%	1,204
Other Bonds	4.1%	1,392	4.3%	1,252	3.4%	1,161
Property	6.2%	1,464	5.7%	933	6.0%	796
Other	0.5%	57	0.5%	147	0.5%	151
Total market value of assets		14,352		12,272		10,754
Present value scheme liabilities		(17,500)		(16,442)		(15,819)
(Deficit)/surplus in scheme		(3,148)		(4,170)		(5,065)

Analysis of amount charged to operating profit

	For year to 31 July 2014 £ '000	For year to 31 July 2013 £ '000
Current service cost	493	526
Total operating charge	493	526

Analysis of finance income and charges

	For year to 31 July 2014 £ '000	For year to 31 July 2013 £ '000
Expected return on assets	726	593
Interest on pension liabilities	(746)	(672)
Net finance return	(20)	(79)

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

Movement in scheme deficit during the year

	For year to 31 July 2014 £ '000	For year to 31 July 2013 £ '000
(Deficit)/Surplus in scheme at beginning of the year	(4,170)	(5,065)
Movement in year		
Current service cost	(493)	(526)
Contributions paid by the employer	452	478
Net return	(20)	(79)
Actuarial gain/(loss)	1,083	1,022
	<hr/>	<hr/>
Deficit in scheme at the end of the year	<u>(3,148)</u>	<u>(4,170)</u>

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

	31 July 2014 £ '000	31 July 2013 £ '000
At 1 August	(16,442)	(15,819)
Current service cost	(493)	(526)
Interest cost	(746)	(672)
Member contributions	(165)	(175)
Actuarial gains and losses	(59)	(308)
Benefits paid	405	1,058
At 31 July	<hr/> <u>(17,500)</u>	<hr/> <u>(16,442)</u>

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

	31 July 2014 £ '000	31 July 2013 £ '000
At 1 August	12,272	10,754
Expected rate of return on scheme assets	726	593
Actuarial gains and losses	1,142	1,330
Employer contributions	452	478
Members contributions	165	175
Benefits paid	(405)	(1,058)
At 31 July	<hr/> <u>14,352</u>	<hr/> <u>12,272</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

	2014	2013	2012	2011	2010
	£ '000	£ '000	£ '000	£ '000	£ '000
Difference between the expected and actual return on assets					
Amount	1,142	1,330	(444)	559	674
Percentage of scheme assets	8%	10.8%	4.1%	5.3%	7.3%
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	(59)	(308)	(765)	765	(822)
Percentage of the present value of scheme liabilities	0.3%	1.9%	4.8%	5.4%	5.9%
Actuarial gains/(losses) recognised in STRGL					
Amount	1,083	1,022	(1,209)	1,324	148
Percentage of present value of year end scheme liabilities	6.2%	6.2%	7.6%	9.3%	1.1%

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.

Swansea Scheme

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%.

FRS17 disclosure

In accordance with the requirements of Financial Reporting Standard 17, independent qualified actuaries have updated the results of the March 2010 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2014. The projected unit method was used.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Principal financial assumptions

	31 July 2014	31 July 2013	31 July 2012
Rate of increase in salaries*	3.7%	4.6%	4.6%
Rate of increase in pensions in payment**	2.2%	2.7%	2.1%
Rate of increase in deferred pensions**	2.2%	2.7%	2.1%
Discount rate	4.1%	4.5%	4.1%
RPI Inflation assumption	3.2%	3.6%	3.1%
CPI Inflation assumption	2.2%	2.7%	2.1%

* 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 2010

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

Principal demographic assumptions

Post retirement mortality

	31 July 2014	31 July 2013
Male (base table in 2007)	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NMA)
Rating to above base table * (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% pa	CMI_2009 with a long term rate of improvement of 1.25% pa
Future lifetime from age 65 (currently aged 65)	22.5	21.7
Future lifetime from age 65 (currently aged 45)	24.7	23.5
Female (base table in 2007)	Standard SAPS normal health all amounts (S1NFA)	Standard SAPS normal health all amounts (S1NFA)
Rating to above base table * (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% pa	CMI_2009 with a long term rate of improvement of 1.25% pa
Future lifetime from age 65 (currently aged 65)	25.0	23.9
Future lifetime from age 65 (currently aged 45)	27.3	25.8

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

	31 July 2014	31 July 2013
Commutation	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlement.	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlement

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****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.

	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	Long-term rate of return expected at 31 July 2012	Asset split at 31 July 2012
	% pa*	%	% pa*	%	% pa*	%
Equities	7.5	73.5	7.8	72.6	7.5	67.7
Property	6.8	5.1	7.3	5.2	7.0	4.8
Government Bonds	3.2	13.4	3.3	14.2	2.5	6.2
Corporate Bonds	3.7	1.0	4.0	0.9	3.2	1.1
Cash	1.1	2.4	0.9	2.2	1.4	14.9
Other**	7.5	4.6	7.8	4.9	7.5	5.3
Total	6.7	100.0	7.0	100.0	6.2	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 2014.

Reconciliation of funded status to balance sheet	2014	2013	2012
	£000	£000	£000
Fair value of assets	20,810	19,980	15,900
Present value of funded liabilities	(29,530)	(30,480)	(28,240)
Pension asset/(liability) recognised on the Balance Sheet	(8,720)	(10,500)	(12,340)

Analysis of amounts charged to the income and expenditure account	2014	2013
	£000	£000
Current service cost	1,150	1,020
Total operating charge included in other pension costs – Note 8	1,150	1,020
Expected return on pension scheme assets	(1,400)	(1,000)
Interest on pension scheme liabilities	1,390	1,180
Net return included in interest paid – Note 9	(10)	180
Expense recognised in Income and Expenditure	1,140	1,200

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

Changes to the present value of liabilities during the year	2014	2013
	£000	£000
Opening present value of liabilities	30,480	28,240
Current service cost	1,150	1,020
Interest Cost	1,390	1,180
Contributions by participants	290	290
Actuarial (gain)/losses on liabilities*	(3,250)	120
Net benefits paid out#	(530)	(370)
Closing present value of liabilities	29,530	30,480

* 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	2014	2013
	£ 000	£ 000
Opening fair value of assets	19,980	15,900
Expected return on assets	1,400	1,000
Actuarial gains/ (losses) on assets	(1,390)	2,220
Contributions by the employer	1,060	940
Contributions by participants	290	290
Net benefits paid out #	(530)	(370)
Closing fair value of assets	20,810	19,980

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

Actual return on assets	2014	2013
	£000	£000
Expected return on assets	1,400	1,000
Actuarial gain/(loss) on assets	(1,390)	2,220
Actual return on assets	(10)	3,220

Analysis of amount recognised in STRGL	2014	2012
	£000	£000
Total actuarial gains/(losses)	1,860	2,100
Total gain/(loss) recognised in STRGL	1,860	2,100

NOTES TO THE ACCOUNTS**Year ended 31 July 2014**

History of asset values, present value of liabilities and surplus/deficits	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of assets	20,810	19,980	15,900	15,050	13,430
Present value of liabilities	(29,530)	(30,480)	(28,240)	(23,610)	(21,000)
Surplus/(deficit)	(8,720)	(10,500)	(12,340)	(8,560)	(7,570)

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	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Experience gains and losses on assets					
• Amount	(1,390)	2,220	(980)	70	1,020
• Percentage of assets	(6.7%)	11.1%	(6.2%)	0.5%	7.6%
Experience gains and losses on liabilities#					
• Amount	1,450	(10)	(110)	(90)	160
• Percentage of the present value of the liabilities	4.9%	0.0%	(0.4%)	(0.4%)	0.8%

#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.

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****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 30 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 2011 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 2011 valuation showed a deficit of £3,208,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 15 years and 3 months from 1 August 2012 by the payment of annual contributions of £290,000 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 19.80% of pensionable earnings in respect of the cost of accruing benefits. The employer will also pay contributions of £75,000 per annum to meet the administration and management costs. The next valuation is due as at 31 July 2014.

For the purposes of FRS17, the preliminary results of the actuarial valuation as at 31 July 2011, which was carried out by a qualified independent actuary, has been on an approximate basis to 31 July 2014.

The material assumptions used by the actuary for FRS17 as at 31 July 2014, and for the comparative period, were as follows:

	Period Ending 31 July 2014	Period Ending 31 July 2013	Period Ending 31 July 2012
	% per annum	% per annum	% per annum
Rate of increase in salaries	4.3	4.4	5.0
Rate of increase in pensions in payment	3.2	3.3	2.6
Discount rate	4.1	4.6	3.9
Inflation assumption	3.3	3.4	2.6
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 2014 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 2014	22.4 years
Female retiring at age 65 in 2014	24.5 years
Male retiring at age 65 in 2034	24.2 years
Female retiring at age 65 in 2034	26.4 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 8.9%
Rate of inflation	Increase / Decrease of 0.5% p.a	Increase / Decrease by 5.2%
Rate of salary growth	Increase / Decrease of 0.5% p.a	Increase / Decrease by 1.5%
Rate of mortality	1 year increase in life expectancy	Increase by 2.9%

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

	Value at 31 July 2014 £'000	Value at 31 July 2013 £'000	Value at 31 July 2012 £'000
Equities	5,650	5,344	4,269
Bonds	6,206	5,651	5,416
Other	1,263	1,039	1,012
	<u>13,119</u>	<u>12,034</u>	<u>10,697</u>

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

	31 July 2014 £'000	31 July 2013 £'000	31 July 2012 £'000
Fair value of scheme assets	13,119	12,034	10,697
Present value of scheme liabilities	(16,482)	(14,646)	(15,612)
Deficit (net pension liability)	<u>(3,363)</u>	<u>(2,612)</u>	<u>(4,915)</u>

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 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 £16,647,400.

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 2011 was £21,998,000 compared with the assets at the same date of £10,088,000.

Analysis of the amount charged to income and expenditure account

	2014 £'000	2013 £'000
Current service cost	152	201
Expenses	135	114
Total operating charge	<u>287</u>	<u>315</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

Analysis of pension finance costs

	2014	2013
	<u>£'000</u>	<u>£'000</u>
Expected return on pension scheme assets	615	447
Interest on pension liabilities	(671)	(607)
Pension finance costs	<u>(56)</u>	<u>(160)</u>

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

	2014	2013
	<u>£'000</u>	<u>£'000</u>
Actual return less expected return on pension scheme assets	333	935
Experienced gain/(losses) arising on the scheme liabilities	2	(146)
Change in financial and demographic assumptions underlying the scheme	(1,300)	1,613
Actuarial (loss)/gain recognised in the STRGL	<u>(965)</u>	<u>2,402</u>

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

	2014	2013
	<u>£'000</u>	<u>£'000</u>
Deficit at 1 August	(2,612)	(4,915)
Movement in year:		
Current service cost	(152)	(201)
Net interest payable	(56)	(160)
Contributions	557	376
Expenses	(135)	(114)
Actuarial (loss)/gain	(965)	2,402
Deficit at 31 July	<u>(3,363)</u>	<u>(2,612)</u>

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

	Period Ending 31 July 2014 £'000s	Period Ending 31 July 2013 £'000s
Scheme liabilities at start of period	14,646	15,612
Current service cost	152	201
Interest cost	671	607
Contributions by scheme participants	30	31
Actuarial loss/(gain)	1,298	(1,467)
Benefits paid, death in service insurance premiums and expenses	(450)	(452)
Expenses	135	114
Scheme liabilities at end of period	<u>16,482</u>	<u>14,646</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2014****Analysis of movement in the market value of scheme assets**

	Period Ending 31 July 2014 £'000s	Period Ending 31 July 2013 £'000s
Fair value of scheme assets at start of period	12,034	10,697
Expected return on scheme assets	615	447
Actuarial gains / (losses)	333	935
Contributions by employer	557	376
Contributions by scheme participants	30	31
Benefits paid, death in service insurance premiums and expenses	(450)	(452)
	<hr/>	<hr/>
Fair value of scheme assets at end of period	13,119	12,034
	<hr/>	<hr/>

The actual return on the scheme assets over the period ending 31 July 2014 was £948,000.

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

	2014	2013	2012	2011	2010
Present value of scheme liabilities (£'000)	(16,482)	(14,646)	(15,612)	(13,818)	(12,473)
Fair value of scheme assets (£'000)	13,119	12,034	10,697	10,091	8,902
Surplus/(deficit) (£'000)	<hr/> (3,363)	<hr/> (2,612)	<hr/> (4,915)	<hr/> (3,727)	<hr/> (3,571)

Difference between the expected and actual return on scheme assets:

Amount (£'000)	333	935	136	620	619
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Experienced gains and losses on scheme liabilities:

Amount (£'000)	2	(146)	1,326	(52)	36
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Total amount recognised in the STRGL

Amount (£'000)	(965)	2,402	(1,172)	(31)	(1,083)
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NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Teachers' Pension Scheme

The University is a member of the Teachers' Pension Scheme (TPS) which is a defined benefit scheme. The TPS is an unfunded scheme. Contributions on a "pay-as-you-go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in the Financial Reporting Standard 17 Retirement Benefits, 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 in FRS 17 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. Set out below is the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

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%

The Government Actuary concluded that, at the date of the valuation, the liabilities in the scheme were £191.5 bn and the value of the assets was £176.6 bn 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.

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.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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 2013 to 31 July 2014 was 16% of pensionable salaries.

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

Dyfed Scheme - Coleg Sir Gar

The last full actuarial valuation was performed on 31 March 2013 at which date the market value of assets of the scheme was £1,581 million. The actuarial value of the assets represented 89% of the fund's accrued liabilities after allowing for future increases in earnings. This equates to a shortfall of £199m.

The main feature of the funding plan is that contribution rates should be assessed based on recovery of the deficit over a maximum period of 17 years. If the deficit is recovered over this 17 year period then the average employer contribution rate would be 12.9% of pensionable pay plus £13 m per annum increasing at 4.1 % per annum (equivalent to 5.1 % of pensionable pay at the valuation date). The average employer contribution rate at the previous valuation was 15.2 % of pensionable pay.

The agreed contribution rate for the year commencing 1 April 2014 is 13.7%.

An approximate actuarial valuation of the scheme was carried out at 31 July 2014, 31 July 2013 and at 31 July 2012 by a qualified independent actuary using the projected unit method. The major assumptions used by the actuary were:

	2014	2013	2012
Rate of inflation - CPI	2.30%	2.40%	2.10%
Rate of increase in salaries	3.80%	4.15%	3.85%
Rate of increase in pensions	2.30%	2.40%	2.10%
Discount rate	4.30%	4.50%	4.30%
Mortality			
	Years	Years	Years
Retiring Today - Males	23.2	22.4	22.3
Retiring Today - Females	25.7	25.0	24.9
Retiring in 20 years time - Males	25.4	24.2	24.1
Retiring in 20 years time – Females	28.0	27.0	26.9

NOTES TO THE ACCOUNTS**Year ended 31 July 2014**

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

	2014	2014	2013	2013	2012	2012
	Expected rate of return	Split	Expected rate of return	Split	Expected rate of return	Split
	%	%	%	%	%	%
Equities	7.0	70.1	7.0	71.1	7.0	69.2
Government bonds	3.2	9.6	3.3	9.9	2.5	11.2
Other bonds	4.1	9.7	4.3	10.2	3.4	10.8
Property	6.2	10.2	5.7	7.6	6.0	7.4
Cash	0.5	0.4	0.5	1.2	0.5	1.4
		100.0		100.0		100.0

The following amounts at 31 July 2014, 31 July 2013 and at 31 July 2012 were measured in accordance with the requirements of FRS17:

	2014	2013	2012
	£000	£000	£000
Market value of assets	25,124	23,541	19,630
Liabilities	(31,753)	(30,825)	(28,423)
(Deficit) in the scheme/net pension (liability)	(6,629)	(7,284)	(8,793)

In accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2014 and 31 July 2013:

	2014	2013
	£000	£000
Analysis of amounts charged to income and expenditure account		
Current service cost	(1,155)	(1,010)
Curtailment cost	-	(66)
Operating cost	(1,155)	(1,076)
Analysis of amounts charged to financing of provisions		
Expected return on assets	1,396	1,112
Interest on pension liabilities	(1,406)	(1,233)
Net finance cost	(10)	(121)

NOTES TO THE ACCOUNTS**Year ended 31 July 2014**

Analysis of amounts recognised in the statement of total recognised gains and losses

Difference between actual and expected return on scheme assets	(312)	2,494
Experience (losses) arising on scheme liabilities / Past service gain	-	-
Effects of changes in assumptions underlying the present value of scheme liabilities	1,293	(605)
Actuarial gain/(loss)	981	1,889

Movement in the College's share of the scheme's deficit during the year

(Deficit) in scheme as at 1 August	(7,284)	(8,793)
Operating cost	(1,155)	(1,076)
Net finance cost	(10)	(121)
Actuarial gain/(loss)	981	1,889
Contributions	839	817
(Deficit) in scheme as at 31 July	(6,629)	(7,284)

The cumulative amounts of actuarial gains recognised in the statement of total recognised gains and losses is £1,502,000 (2013: loss of £521,000)

Asset and Liability Reconciliations:

Reconciliation of Liabilities	2014	2013
	£000	£000
Liabilities at start of period	30,825	28,423
Current service cost	1,155	1,010
Interest cost	1,406	1,233
Contribution by scheme participants	355	323
Actuarial (gain)/loss	(1,293)	605
Benefits paid	(695)	(835)
Curtailments and settlements	-	66
Liabilities at end of period	31,753	30,825
Reconciliation of Assets	2014	2013
	£000	£000
Assets at start of period	23,541	19,630
Expected return on assets	1,396	1,112
Actuarial gain/(loss)	(312)	2,494
Contributions by the employer	839	817
Contributions by the scheme participant	355	323
Benefits paid	(695)	(835)
Assets at end of period	25,124	23,541

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

	2014	2013	2012	2011	2010
Defined benefit obligation (£000)	(31,753)	(30,825)	(28,423)	(25,019)	(24,391)
Plan assets (£000)	25,124	23,541	19,630	18,801	15,756
Deficit (£000)	(6,629)	(7,284)	(8,793)	(6,218)	(8,635)
Difference between actual and expected return on scheme assets:					
Amount (£000)	(312)	2,494	(803)	1,818	1,158
Percentage of scheme assets	(1.24%)	10.6%	(4.1%)	9.7%	7.3%
Experience gains and losses arising on scheme liabilities:					
Amount (£000)	-	-	-	1,229	1,724
Percentage of scheme liabilities	-	-	-	4.9%	7.1%
Effects of changes in assumptions underlying the present value of scheme:					
Amount (£000)	1,293	(605)	(1,418)	1,170	(2,043)
Percentage of scheme liabilities	4.1%	(2.0%)	(5.0%)	4.7%	8.4%
Total of amounts recognised in the statement of total recognised gains and losses:					
Amount (£000)	981	1,889	(2,221)	2,988	839
Percentage of scheme liabilities	3.1%	6.1%	(7.8%)	11.9%	3.4%

Dyfed - Coleg Ceredigion

The last full actuarial valuation was performed on 31 March 2013 at which date the market value of assets of the scheme was £1,581 million. The actuarial value of the assets represented 89% of the fund's accrued liabilities after allowing for future increases in earnings. This equates to a shortfall of £199m.

An approximate actuarial valuation of the scheme was carried out at 31 July 2014, 31 July 2013 and at 31 July 2012 by a qualified independent actuary using the projected unit method. The major assumptions used by the actuary were:

	2014	2013	2012
Rate of inflation - CPI	2.30%	2.40%	2.10%
Rate of increase in salaries	3.80%	4.15%	3.85%
Rate of increase in pensions	2.30%	2.40%	2.10%
Discount rate	4.30%	4.50%	4.30%
Mortality			
	Years	Years	Years
Retiring Today - Males	23.2	22.4	22.3
Retiring Today - Females	25.7	25.0	24.9
Retiring in 20 years time - Males	25.4	24.2	24.1
Retiring in 20 years time - Females	28.0	27.0	26.9

NOTES TO THE ACCOUNTS**Year ended 31 July 2014.**

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

	2014	2014	2013	2013	2012	2012
	Expected rate of return	Split	Expected rate of return	Split	Expected rate of return	Split
	%	%	%	%	%	%
Equities	7.0	70.1	7.0	71.1	7.0	69.2
Government bonds	3.2	9.6	3.3	9.9	2.5	11.2
Other bonds	4.1	9.7	4.3	10.2	3.4	10.8
Property	6.2	10.2	5.7	7.6	6.0	7.4
Cash	0.5	0.4	0.5	1.2	0.5	1.4
		100.0		100.0		100.0

The following amounts at 31 July 2014, 31 July 2013 and at 31 July 2012 were measured in accordance with the requirements of FRS17:

	2014	2013	2012
	£000	£000	£000
Market value of assets	6,991	6,272	5,323
Liabilities	(7,705)	(7,567)	(7,092)
(Deficit) in the scheme/net pension (liability)	(714)	(1,295)	(1,769)

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

In accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2014 and 31 July 2013:

	2014	2013
	£000	£000
Analysis of amounts charged to income and expenditure account		
Current service cost	(234)	(212)
Curtailment cost	-	-
Operating cost	<u>(234)</u>	<u>(212)</u>
Analysis of amounts charged to financing of provisions		
Expected return on assets	373	299
Interest on pension liabilities	(347)	(306)
Net finance cost	<u>26</u>	<u>(7)</u>
Analysis of amounts recognised in the statement of total recognised gains and losses		
Difference between actual and expected return on scheme assets	164	669
Experience (losses) arising on scheme liabilities / Past service gain	-	-
Effects of changes in assumptions underlying the present value of scheme liabilities	455	(129)
Actuarial gain/(loss)	<u>619</u>	<u>540</u>
Movement in the College's share of the scheme's deficit during the year		
(Deficit) in scheme as at 1 August	(1,295)	(1,769)
Operating cost	(234)	(212)
Net finance cost	26	(7)
Actuarial gain/(loss)	619	540
Contributions	170	153
(Deficit) in scheme as at 31 July	<u>(714)</u>	<u>(1,295)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Asset and Liability Reconciliations:

Reconciliation of Liabilities	2014	2013
	£000	£000
Liabilities at start of period	7,567	7,092
Current service cost	234	212
Interest cost	347	306
Contribution by scheme participants	69	63
Actuarial (gain)/loss	(455)	129
Benefits paid	(57)	(235)
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>7,705</u>	<u>7,567</u>
Reconciliation of Assets	2014	2013
	£000	£000
Assets at start of period	6,272	5,323
Expected return on assets	373	299
Actuarial gain/(loss)	164	669
Contributions by the employer	170	153
Contributions by the scheme participant	69	63
Benefits paid	(57)	(235)
Assets at end of period	<u>6,991</u>	<u>6,272</u>

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

	2014	2013	2012	2011	2010
Defined benefit obligation (£000)	(7,705)	(7,567)	(7,092)	(6,368)	(6,055)
Plan assets (£000)	6,991	6,272	5,323	5,215	4,568
Deficit (£000)	<u>(714)</u>	<u>(1,295)</u>	<u>(1,769)</u>	<u>(1,153)</u>	<u>(1,487)</u>
Difference between actual and expected return on scheme assets:					
Amount (£000)	(164)	(669)	402	338	(501)
Percentage of scheme assets	(2.3%)	(10.7%)	7.7%	7.4%	(12.9%)
Experience gains and losses arising on scheme liabilities:					
Amount (£000)	455	(129)	120	(344)	534
Percentage of scheme liabilities	5.9%	(1.7%)	1.9%	(5.7%)	9.5%
Total of amounts recognised in the statement of total recognised gains and losses:					
Amount (£000)	619	540	522	391	33
Percentage of scheme liabilities	8.0%	7.1%	8.2%	6.5%	0.6%

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

35. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

36. CAPITAL COMMITMENTS

	Consolidated		University of Wales: Trinity Saint David	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Commitments contracted for at 31 July	278	14,971	0	14,691
	278	14,971	0	14,691

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

There were no related party transactions during the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

39. IMPACT OF MERGER

The University of Wales: Trinity Saint David (UWTSD) merged with Swansea Metropolitan University (SMU) and Coleg Sir Gar (CSG) on 1 August 2013. This merger has been accounted for using merger accounting under provisions of FRS6 (Acquisitions and Mergers). Coleg Ceredigion (CC) merged into the group on 1 January 2014, the Council considered that merger accounting is appropriate under FRS6, to give a true and fair view of the merger, as the group has been expanded by the amalgamation of UWTSD, SMU, CSG and CC to create a Dual Sector University and the transactions are not commercial in nature with assets and liabilities having been transferred into the group for nil consideration.

The impacted by the merger of Coleg Ceredigion into the group, as at 1 January 2014 on the 2013/14 income and expenditure account and STRGL is as follows:

	UWTSD	Coleg Ceredigion		Total
		Pre-merger to 31 December 2013	Post-merger from 1 January 2014	
	£ '000	£ '000	£ '000	£ '000
Income	102,964	2,545	3,088	108,597
Expenditure	(101,169)	(2,608)	(3,221)	(106,998)
Profit sale of fixed asset	109	0	117	226
Exceptional Items	(1,668)	0	0	(1,668)
Surplus before taxation	236	(63)	0	157
Taxation	(12)	0	0	(12)
Other Gains and Losses	3,482	0	619	4,101
Total Gains and losses	3,706	(63)	603	4,246

The principal components of the income and expenditure account and the STRGL for the year ended 31 July 2013 each of the merged bodies is as follows:

	UWTSD	Swansea Metropolitan	Coleg Sir Gar	Coleg Ceredigion	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Income	35,652	36,244	30,953	5,465	108,314
Expenditure	(35,343)	(30,415)	(30,699)	(5,788)	(102,245)
Profit sale of fixed asset	0	0	40	0	40
Surplus before taxation	309	5,829	294	(323)	6,109
Taxation	(12)	0	0	0	(12)
Other Gains and Losses	4,495	2,370	1,899	540	9,304
Total Gains and losses	4,792	8,199	2,193	217	15,401

NOTES TO THE ACCOUNTS
Year ended 31 July 2014

The aggregate book value of the net assets of each merging institution at the date of merger was as follows:

	£ '000
As at 1 August 2013	
UWTSD	43,919
Swansea Metropolitan	83,176
Coleg Sir Gar	27,902
As at 1 January 2014	
Coleg Ceredigion	2,127

The adjustment to the consolidated reserves relating to the merger as at 1 August 2013 is as follows:

	Revaluation Reserve	Income and Expenditure Reserve	Pension Reserve
	£ '000	£ '000	£ '000
At 1 August 2013 as previously stated	5,955	21,353	(6,782)
Merger of::			
Swansea Metropolitan University	26,890	57,482	(10,500)
Coleg Sir Gar	9,824	12,866	(7,284)
Coleg Ceredigion	1,497	2,007	(1,295)
At 1 August 2013 as restated	44,166	93,708	(25,861)