

**UNIVERSITY OF WALES: TRINITY SAINT DAVID**

**Consolidated Financial Statements**

**31 July 2016**

<b>CONTENTS</b>	<b>Page</b>
<b>Members</b>	<b>1</b>
<b>Professional advisors</b>	<b>2</b>
<b>Operating &amp; financial review</b>	<b>3-13</b>
<b>Corporate governance statement</b>	<b>14-17</b>
<b>Statement of responsibilities of council of the institution</b>	<b>18-19</b>
<b>Independent auditor's report to the council of University of Wales: Trinity Saint David</b>	<b>20-21</b>
<b>Consolidated statement of comprehensive income</b>	<b>22-23</b>
<b>Consolidated and University statement of changes in reserves</b>	<b>24-25</b>
<b>Consolidated and University Balance Sheet</b>	<b>26-27</b>
<b>Consolidated statement of cash flows</b>	<b>28</b>
<b>Statement of accounting policies</b>	<b>29-35</b>
<b>Notes to the accounts</b>	<b>36-71</b>

**MEMBERS**

The Venerable Randolph Thomas (Chair)	*	
Dr Geoffrey Thomas	*	
Dr Gerald Lewis	*	
Mr Phil Owen	*	
Prof Medwin Hughes (Vice-Chancellor)	*	
Mrs Maria Stedman	*	
Mr Eifion Griffiths	*	
Mr Andrew Curl	*	
Mr Jack Girvin	*	
Mrs Pam Berry	*	
Mr George Sambrook		Resigned August 2015
Mr Alun Thomas		
Ms. Abi Jenkins (Group Student Union President)		Resigned February 2016
Ms Bea Fallon (Student President)	Appointed October 2015	Resigned February 2016
Ms Lydia Watson (Student President)	Appointed February 2016	
Mr Roger Evans		
Ms Virginia Isaac		
Mr Mark James		
Dr Mirjam Plantiga		
Mr Steven Stokes		Resigned November 2015
Mr Mark Cocks		
Ms Alison Harding		
Mr. Dai Rogers		
Mr Andrew Gibson	Appointed March 2016	
Mrs Emma Hughes	Appointed March 2016	

The above list includes some members of University Council who are also trustees of the University in relation to its charitable status, these are indicated by an asterisk.

**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 2015-16**

#### **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 Carmarthen
- Eclectica Drindod Ltd
- UWTSD Learning Centres Limited
- UWTSD Investments Limited
- Y Ganolfan Dysgu Cymraeg Genedlaethol
- Coleg Sir Gar
- Coleg Ceredigion
- UW Centre for Advance Batch Manufacture Limited (Associate)
- OSTC Trinity St David LLP (Joint Venture)

#### **LEGAL STATUS**

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

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

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

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

UWTSD Learning Centres Limited is a wholly owned subsidiary of UWTSD.

UWTSD Investments Limited is a wholly owned subsidiary of UWTSD.

Y Ganolfan Dysgu Cymraeg Genedlaethol is a private company limited by guarantee with no share capital, undertakes the setting of the national strategic direction for the Welsh for Adults sector, providing leadership to Welsh for Adults providers. UWTSD is the sole member of the company.

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

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

UW Centre for Advances Batch Manufacture Limited, is a private company, the University has a 49% stake in the company.

OSTC Trinity St David LLP, is a limited liability partnership, the university has a 50% stake in the entity with the other 50% owned by OSTC

## OPERATING AND FINANCIAL REVIEW

### PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year to 31 July 2016 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2015) 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 a sustainable institution in relation to its financial status. There will be continuing challenges to financial health and the following areas continue to present a challenge to financial sustainability:

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

### RESULTS FOR THE YEAR

The year ended 31 July 2016 is the first year that the consolidated financial statements will have been prepared under the new accounting standard, Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), which has resulted in a significant change to the way the results are presented.

The consolidated financial performance for the year to 31 July 2016 is summarised as follows:

	2015/16	2014/15
	£'000	£'000
Income	104,650	103,291
Expenditure	(108,388)	(110,277)
(Loss)/Profit on Sale of Assets	(10)	5
Increase in fair value of investment properties	552	97
Loss on investments	(273)	(27)
Share of operating loss in associate	(177)	(173)
Taxation	(12)	(12)
Deficit for the year	(3,658)	(7,096)
Actuarial (loss) in respect of pension schemes	(14,671)	(4,234)
Total comprehensive income for the year	(18,329)	(11,330)

The consolidated results recorded a deficit for the year of £3.7 million (2015 £7.1 million), retained within General Reserves, of £75.6 million (2015: £94.3 million). This result encompasses all activities, other than the Students' Union which is an independent body.

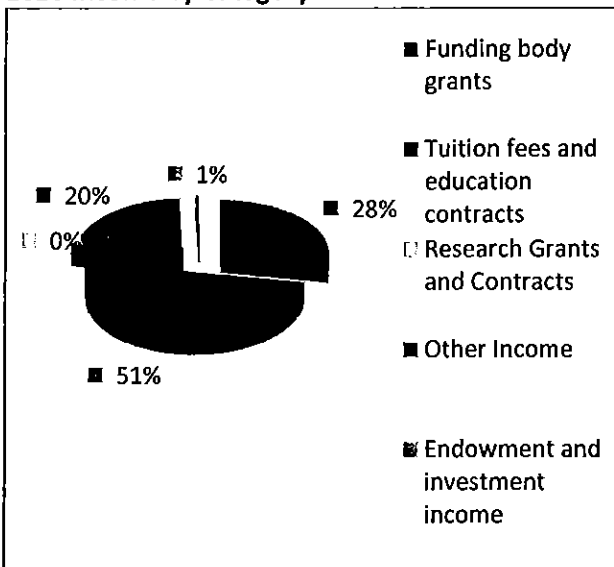
**OPERATING AND FINANCIAL REVIEW**

The underlying results for the year are consistent with management’s expectations, the University’s strategic aim is to deliver operational surpluses to allow further capital investment over the strategic planning cycle.

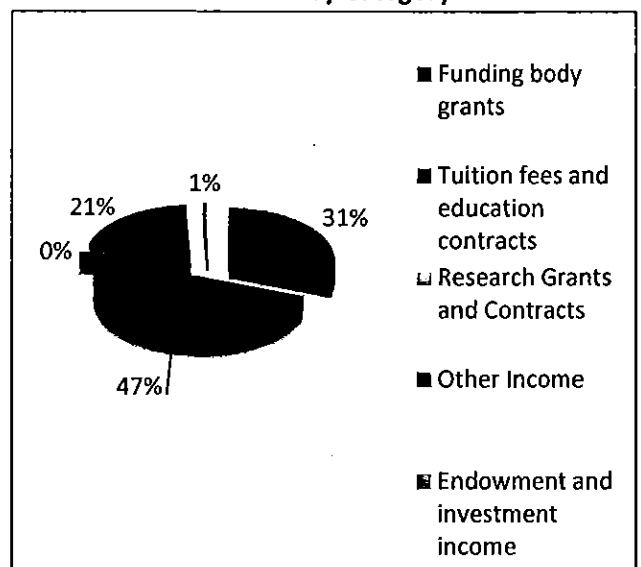
**INCOME**

The consolidated total income for the year amounted to £104.7 million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £4.9 million which represented 4.7% of total income for the year. Grants from the Welsh Government, received by Coleg Sir Gar and Coleg Ceredigion are included in funding body grants and amounted to £24.4 million, representing 23.3% of total income. Tuition Fees and Education Contracts income amounted to £53.1 million which represented 50.7% of total income for the year.

**2016 Income by Category**



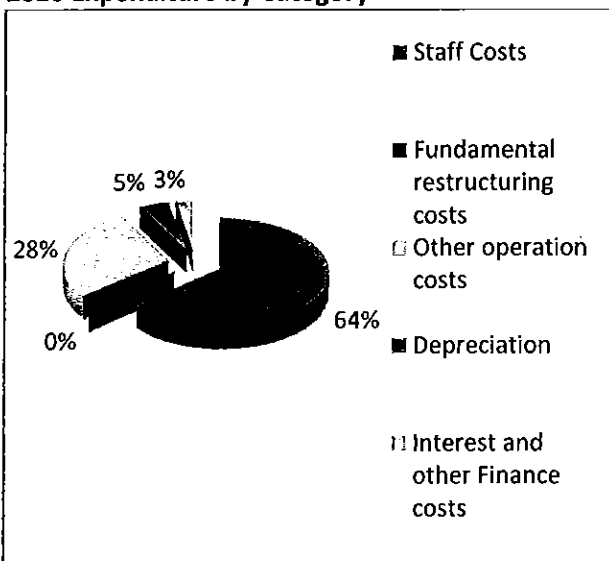
**2015 Income by Category**



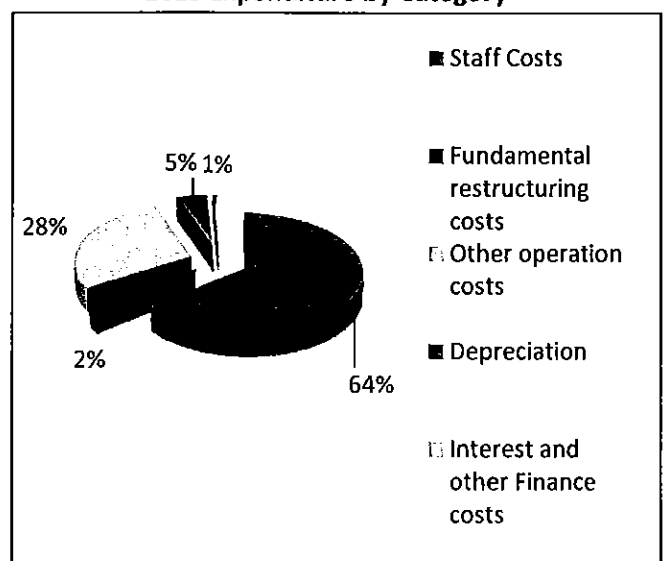
**EXPENDITURE**

Staffing costs represented 65.9% of total income for the year (2014: 68.7%) and 63.7% of total expenditure (2015: 64.4%). Other operating costs for the year were £30.6 million (2015: £31.1 million).

**2016 Expenditure by Category**



**2015 Expenditure by Category**



## **OPERATING AND FINANCIAL REVIEW**

### **BALANCE SHEET**

The consolidated Balance Sheet discloses a net assets position of £126.9 million as at 31 July 2016 (2015: £145.3 million). There has been a substantial capital investment in the year of £30.7 million, £15.7 million on building works, £12.4 million to acquire an investment property and £2.6 million on equipment. This has resulted in a reduction in the combined cash and short term investments balances however the University's cash position remains at a level which is commensurate with the institution's financial strategy. The pension liability has increased by £16.4 million year on year, arising from actuarial losses over the period.

### **CASH FLOW**

The consolidated net cash inflow from operating activities was £0.2 million (2015: £ 1.0 million outflow) and a total cash inflow was £1.7 million (2015: £10.0 million outflow).

### **TREASURY MANAGEMENT**

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. At 31 July 2016, the consolidated short term deposits and cash totalled £28.2 million (2015: £26.6 million).

### **LIQUIDITY**

The Group's liquidity levels remain acceptable with a current ratio of 2.9 as at 31 July 2016, decreased from 3.6 as at 31 July 2015, with investments being realised to invest in the University's major capital developments.

Creditors due within one year amount to £15.2 million. 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 FRS102 deficit in the local in-house final salary pension scheme has increased during the year, from £3.4 million to £4.6 million.

The Local Government Pension Schemes, the Dyfed Pension Fund, which is administered by Carmarthenshire County Council, and the Swansea Pension Fund, which is administered by the City and County of Swansea are both final salary pension schemes. The consolidated apportioned share of the deficit on the Dyfed Pension fund increased during the year from £13.4 million to £22.2 million due to net actuarial loss of £ 7.8 million. The Swansea Pension Fund deficit increased during the year from £10.8 million to £16.5 million due to net actuarial loss of £5.7 million. The new accounting standard requires that the University's recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS), the obligation is included in the pension provision and the additional costs are processed through staff costs in the consolidated statement of income.



## **OPERATING AND FINANCIAL REVIEW**

### **SIGNIFICANT EVENTS DURING THE YEAR:**

#### INVESTORS IN PEOPLE

During the year the University celebrated its achievement against the Investors in People (IIP) standards which highlighted the University's focus on the student experience. The assessors noted that *"The mission of "Transforming education, transforming lives" has truly inspired people and encouraged the student focus across the university"*.

#### CONSTRUCTION WALES INNOVATION CENTRE

The agreement with the Construction Industry Training Board to establish a Construction Wales Innovation Centre (CWIC), which will offer state of the art facilities and world-class training for individuals and construction companies. The proposed headquarters at the Swansea Waterfront Innovation Quarter, CWIC will also have sites at colleges across Wales, including Coleg Sir Gar and Coleg Ceredigion, as well as Coleg Cambria in North Wales and Coleg y Cymoedd in South East Wales.

#### WELSH FOR ADULTS PROVISION ACROSS WALES

A new company Y Ganolfan Dysgu Cymraeg Genedlaethol (The National Centre for Learning Welsh) – was established in response to the Welsh Government report Raising our sights: review of Welsh for Adults. The Centre is funded by Welsh Government and University of Wales Trinity St David won the tender to establish the Centre for the period 2015-2022

#### JOINT VENTURE WITH OSTC

The University, through one of its subsidiaries UWTSD Investments Limited, entered into a partnership with OSTC to acquire the Matrix building in Swansea to provide soft-landing opportunities for UWTSD and OSTC to develop the concept of co-locating and collaborating in order to launch joint ventures and accelerator schemes to grow new and fledgling companies, ahead of the University's SA1 Swansea Waterfront development.

The partnership with OSTC has already led to the development of the new MSc Trading and Financial Markets programme which gives students the opportunity to integrate their academic study with intensive, industry-specific on the job training in this highly paid sector. The Swansea trading floor gives traders and MSc students access to a large product mix of commodity and financial futures markets on the world's leading exchanges, as well as global company resources ensuring an unbeatable learning experience.

#### SWANSEA WATERFRONT INNOVATION QUARTER

The continued development of the Swansea Waterfront Innovation Quarter was a key priority. Planning permission was granted for the delivery of Phase 1 of the £300million development, with building work to begin in Autumn 2016, for the new buildings for the Library and the Faculty of Architecture, Computing and Engineering as well as associated central teaching and faculty space which will be completed by 2018. During the year the University acquired the Cyprium Building in SA1 to complement its investment in the two Technium buildings which are home to a range of private companies, a number of which are already collaborating with the University to develop new products and processes.

#### CANOLFAN S4C Yr EGIN

The development of Canolfan S4C Yr Egin on the Carmarthen campus is progressing with planning permission for the inspirational building having been submitted to Carmarthenshire County Council in July.

This initiative, along with the Swansea Waterfront Innovation Quarter, has established a blue-print for future developments in which the University will co-locate with such professional partners as CITB, OSTC and HNS

## **OPERATING AND FINANCIAL REVIEW**

Informatics Services in Swansea and S4C and the creative industries in Carmarthen to exploit knowledge and expertise to our mutual advantage. Together the University and its partners will create new enterprise hubs and high skill accelerator schemes to grow new businesses linked to our portfolio, through which we will develop the skills of current businesses and attract new investment into the region.

### YR ATHROFA

The University's response to the Welsh Government's New Deal for Teachers, the publication of the *Teaching Tomorrow's Teachers* Report by Professor John Furlong, and the *Review of Curriculum and Assessment Arrangements in Wales* by Professor Graham Donaldson, was to launch an Education Pledge. The pledge included a commitment to establish Yr Athrofa – the Institute of Education, which was launched in June and which has three elements - a Professional Learning Partnership involving over 100 schools from across Wales and UWTSO, Centres of Research Excellence in key areas: equity in education; Welsh language and culture; and early years education as well as the Wales Education Commission which brings together distinguished individuals from across the globe who are considered leading thinkers with a record of outstanding success in their own fields of education.

### WELLBEING OF FUTURE GENERATIONS

The University's response to the Welsh Government's Wellbeing of Future Generations Act 2015, has been to launch a distinctive health and wellbeing offering which has involved cross-faculty curriculum development.

The University's location across the region provides opportunities to work with health professionals across South West Wales on developing programmes to meet their specific needs. For example, the Carmarthen campus' long tradition for bilingual teaching, social care, physical literacy and early childhood provides a strong foundation for collaboration with a wide variety of partners interested in rural health issues. In Lampeter, we are developing a partnership with Schumacher College to create a more reflective environment where people can undertake a range of programmes building on the expertise of the Faculty of Humanities to create a vision for a 21st Century health and well-being service in a rural context.

### CHIN KUNG MULTI-CULTURAL EDUCATION FOUNDATION

In May the University signed an agreement with the Chin Kung Multi-cultural Educational Foundation, a Hong Kong based organisation, established by Master Chin Kung, a Buddhist monk whose core belief is that all religions share a common, universal element of shared values, toleration, compassion and a respect for the views and beliefs of others. The Agreement will see major investment into the infrastructure of the campus as well as the establishment of the Academy of Sinology, which was launched in July as part of the first International Interfaith Symposium for Harmony and World Peace. To complement this development the University launched initiatives on the theme of Harmony and welcomed His Royal Highness, The Prince of Wales, Patron of the University, to take part in a special ceremony celebrating the Prince's commitment to sustainability and harmony.

### CARMARTHEN SCHOOL OF ART

Coleg Sir Gar completed the refurbishment of a bespoke building at its Pibwrlwyd Campus to create a second site for Carmarthen School of Art. This site focuses on the 14-19 market with BTEC programmes ranging from Level 1-3 on offer in Art, Design and Fashion.

Existing provision at Graig Campus, Llanelli, has been relocated to Pibwrlwyd with the aim of growing this provision as a feeder provision for Higher Education at Carmarthen School of Art's first site at Job's Well Campus. This initiative also supports the move of S4C to the town and the creation of Carmarthen as a significant creative hub in Wales.

## **OPERATING AND FINANCIAL REVIEW**

### **RISK MANAGEMENT / RISK REGISTER**

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

### **UNIVERSITY'S MISSION AND VISION**

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

#### **Mission**

##### ***Transforming Education; Transforming Lives.***

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

#### **Vision**

##### ***To transform, shape and develop futures***

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

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

### **PUBLIC BENEFIT STATEMENT**

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

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

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

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

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

Collaboration

Inclusivity

Employability and creativity

Sustainable development

Wales and its distinctiveness

The concept of global citizenship

Research and its impact on policy

## OPERATING AND FINANCIAL REVIEW

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

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

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

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

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

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

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

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

## KEY DELIVERABLES

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

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

## **OPERATING AND FINANCIAL REVIEW**

### **Ethical investment and banking policies**

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

### **Equal opportunities**

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

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

### **Environmental sustainability policy**

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

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

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

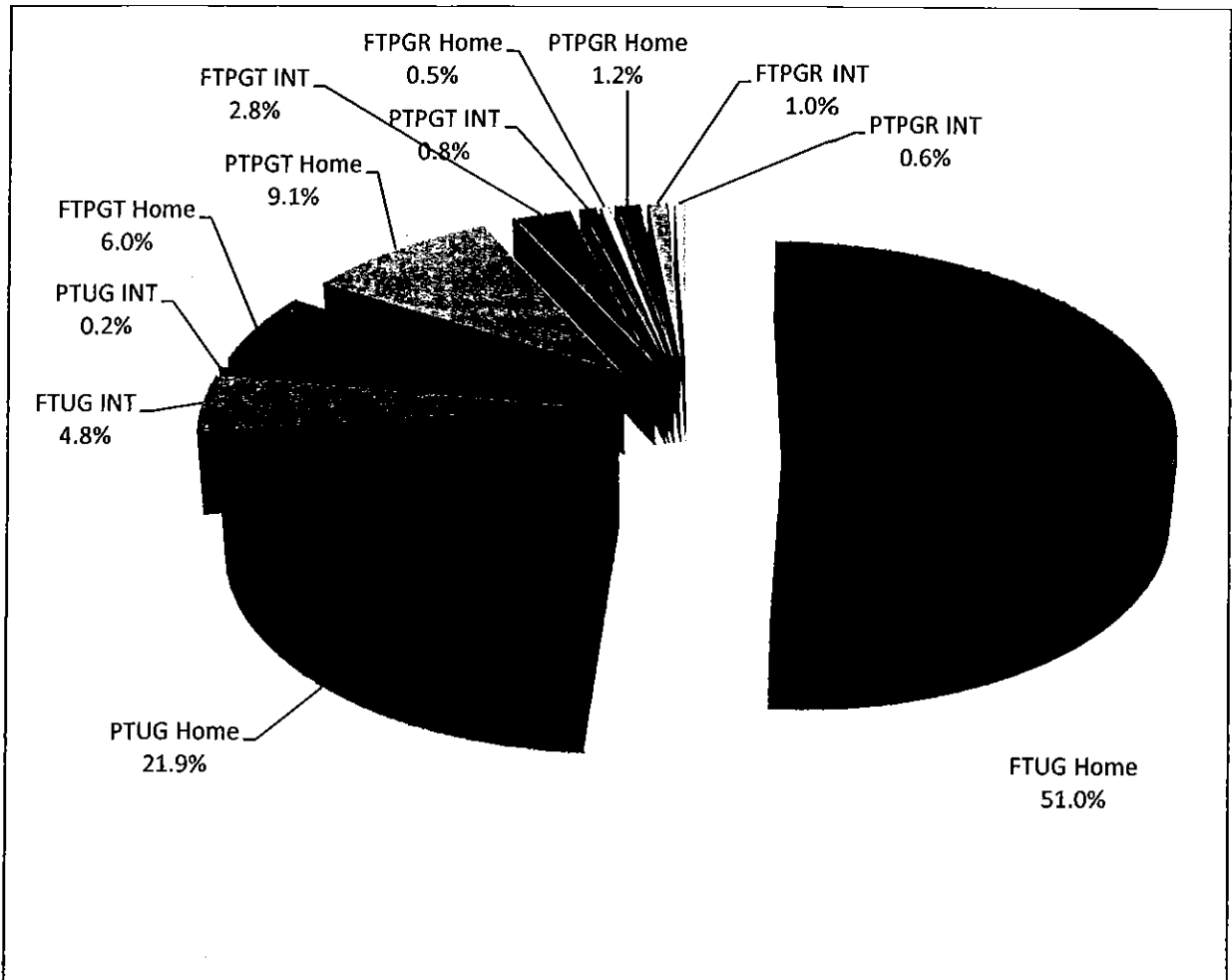
Green Impact is an environmental accreditation and awards scheme run by the National Union of Students, bringing staff and students together within their wider communities to enable and showcase positive changes in environmental practice, reducing the negative environmental impacts of their workspace.

### **Tuition Fees**

During 2015/16 the University published its Fee plan for 2017/18 with a full time undergraduate tuition fee of £9,000, the fees for students that entered the University before 2014/15 remain at £7,500.

**OPERATING AND FINANCIAL REVIEW**

**2015/16 Student Numbers as percentage of total population**



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

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

## **OPERATING AND FINANCIAL REVIEW**

### **Declaration of Information to auditor**

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

- a) there is no relevant audit information of which the University's auditor is 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 auditor is aware of that information.

### **Conclusion**

The financial challenges of 2015/16 are likely to continue into 2016/17 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.



The Venerable Randolph Thomas

*Chair of University Council*

## CORPORATE GOVERNANCE

### Introduction

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

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's ongoing risks; that this has been in place for the year ended 31 July 2016 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 18 and 19. 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 2015/16 are:-

- **Resources Committee**  
The Resources Committee reports to the Council as to the financial affairs of the University and monitors performance in particular with regard to the allocation of funds, budgets, long term forecasts and the Annual Financial Report. To oversee the financial performance, estate and information management issues for the wider UWTSD group.
- **Nominations & Governance Committee**  
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (Patron and President). Monitor nominations, having due regard to the balance of skills; knowledge and experience and in accordance with the Equality and Diversity Act as detailed in CUC guide 2009. Monitor governance matters for the wider UWTSD group in line with specific ordinance and remit letter for group members.
- **Senior Remuneration Committee**  
The Senior Remuneration Committee determines on an annual basis the salaries, terms and conditions and, where appropriate, the severance conditions of the Vice-Chancellor, Deputy Vice-Chancellors, the Pro Vice-Chancellors, the Clerk to the Council and such other senior members of staff above point 51, as the Council deems appropriate.



## CORPORATE GOVERNANCE

- **Strategy Committee**

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

- **Audit & Risk Management Committee**

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

- **Human Resources Committee**

The Human Resources Committee meets at least three times a year. The Committee oversees all matters relating to human resources at the University and throughout the Group. Making recommendations to Council for human resources strategies, policies and practice to include recruitment; equality and diversity; contractual matters and training and development.

- **Group Scrutiny Committee**

The Group Scrutiny Committee was instigated during 2015/16. The committee will meet at least twice a year. The Committee reviews adherence to financial planning, Estates, and other matters for the UWTSD Group as outlined in the specific FE / HE ordinance and annual Remit Letter issued to Group members. It monitors development of group strategies and considers opportunities for closer collaboration within the Group.

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

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

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

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

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

## **CORPORATE GOVERNANCE**

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.

The Council concur with the fact that the financial statements have been prepared on the going concern basis

### **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 Memorandum of Assurance and Accountability issued by the Higher Education Funding Council for Wales (HEFCW).

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

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the strategic plans, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been in place for the year ended 31 July 2016 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.

## **CORPORATE GOVERNANCE**

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. Council is pleased to report that risk management procedures are in place and a risk register is updated on a regular basis and monitored by senior management. A report is presented to each Audit and Risk Management committee.

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 in internal audit reports or made by the external auditors in their year-end management letter and other reports.

## RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Accounts Direction from the Higher Education Funding Council for Wales, the Statement of Recommended Practice on Accounting in Further and Higher Education (2015) and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for Wales and the Council of the University of Wales: Trinity Saint David, the Council, through its designated office holder, the Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year.

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

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

In causing the financial statements to be prepared, the Council, through its designated office holder has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Council is satisfied that the Group 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.

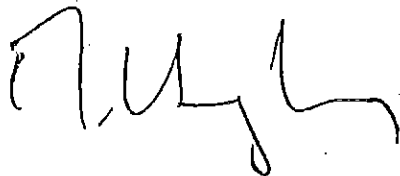
The Council has taken reasonable steps through its designated office holder and Audit & Risk Management Committee to:

- 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 Group and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the Group's resources and expenditure.

## RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

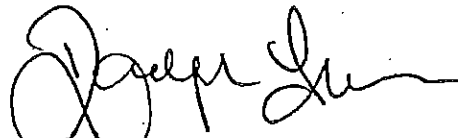
The key elements of the Group's system of internal financial control, which is designed to discharge the responsibilities of Council in relation to internal financial control, include the following:

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



Professor M Hughes

*Vice Chancellor*



The Venerable Randolph Thomas

*Chair of University Council*

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

We have audited the group and University financial statements (the "financial statements") of University of Wales: Trinity Saint David for the year ended 31 July 2016 set out on pages 22 to 71. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Council, in accordance with the Charters and Statutes of the University and in accordance with section 144/145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. 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 University and its 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 18 to 19 (who are also trustees for the purposes of charity law), the Council is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144/145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Consolidated Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

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

- have been properly prepared in accordance with the requirements of the Charities Act 2011.

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

In our opinion, in all material respects:

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Annual report is inconsistent in any material respect with the financial statements; or
- the University has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



**Emma Holiday**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

Date: *14<sup>th</sup> December* 2016

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Statement of Comprehensive Income

Year Ended 31 July 2016

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	53,055	48,283	48,631	43,587
Funding body grants	2	29,295	5,169	31,751	7,164
Research grants and contracts	3	326	326	352	352
Other income	4	21,269	16,294	21,783	15,457
Investment income	5	705	679	774	731
<b>Total income</b>		<b>104,650</b>	<b>70,751</b>	<b>103,291</b>	<b>67,291</b>
<b>Expenditure</b>					
Staff costs	6	69,190	46,019	70,963	46,366
Fundamental restructuring costs		0	0	2,044	688
Other operating expenses	8	30,625	22,336	31,157	19,839
Depreciation	11	5,440	3,453	5,110	3,356
Interest and other finance costs	7	3,133	2,751	1,003	654
<b>Total expenditure</b>		<b>108,388</b>	<b>74,559</b>	<b>110,277</b>	<b>70,903</b>
<b>(Deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates.</b>		<b>(3,738)</b>	<b>(3,808)</b>	<b>(6,986)</b>	<b>(3,612)</b>
Gain/(loss) on disposal of fixed assets		(10)	(31)	5	0
Increase in fair value of Investment properties		552	552	97	16
(Loss) / Gain on investments		(273)	(281)	(27)	(40)
Share of operating surplus/(deficit) in joint venture	15	0	0	0	0
Share of operating surplus/(deficit) in associate		(177)	0	(173)	0
<b>(Deficit) before tax</b>		<b>(3,646)</b>	<b>(3,568)</b>	<b>(7,084)</b>	<b>(3,636)</b>
Taxation	9	(12)	0	(12)	0
<b>(Deficit) for the year</b>		<b>(3,658)</b>	<b>(3,568)</b>	<b>(7,096)</b>	<b>(3,636)</b>



UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Statement of Comprehensive Income (continued)

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Actuarial (loss)/gain in respect of pension schemes 27	(14,671)	(9,350)	(4,234)	(2,716)
<b>Total comprehensive income for the year</b>	<b>(18,329)</b>	<b>(12,918)</b>	<b>(11,330)</b>	<b>(6,352)</b>
Represented by:				
Endowment comprehensive income for the year	75	83	(22)	(18)
Unrestricted comprehensive income for the year	(18,404)	(13,001)	(11,308)	(6,334)
<b>Attributable to the Group/University</b>	<b>(18,329)</b>	<b>(12,918)</b>	<b>(11,330)</b>	<b>(6,352)</b>
<b>Total Comprehensive income for the year attributable to</b>				
Group/University	(18,329)	(12,918)	(11,330)	(6,352)

All items of income and expenditure relate to continuing activities

## Statement of changes in reserves

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000		
<b>Balance at 1 August 2014</b>	<b>9,121</b>	<b>104,105</b>	<b>43,364</b>	<b>156,590</b>
Surplus/(deficit) from the income and expenditure statement	(22)	(7,074)	0	(7,096)
Other comprehensive income	0	(4,234)	0	(4,234)
Transfers between revaluation and income and expenditure reserve	0	660	(660)	0
<b>Total comprehensive income for the year</b>	<b>(22)</b>	<b>(10,648)</b>	<b>(660)</b>	<b>(11,330)</b>
<b>Balance at 1 August 2015</b>	<b>9,099</b>	<b>93,457</b>	<b>42,704</b>	<b>145,260</b>
Surplus/(deficit) from the income and expenditure statement	75	(3,733)	0	(3,658)
Other comprehensive income	0	(14,671)	0	(14,671)
Transfers between revaluation and income and expenditure reserve	0	661	(661)	0
<b>Total comprehensive income for the year</b>	<b>75</b>	<b>(17,743)</b>	<b>(661)</b>	<b>(18,329)</b>
<b>Balance at 31 July 2016</b>	<b>9,174</b>	<b>75,714</b>	<b>42,043</b>	<b>126,931</b>

## Statement of changes in reserves

University	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000		
<b>Balance at 1 August 2014</b>	<b>8,809</b>	<b>68,589</b>	<b>32,419</b>	<b>109,817</b>
Surplus/(deficit) from the income and expenditure statement	(18)	(3,618)	0	(3,636)
Other comprehensive income	0	(2,716)	0	(2,716)
Transfers between revaluation and income and expenditure reserve	0	426	(426)	0
<b>Total comprehensive income for the year</b>	<b>(18)</b>	<b>(5,908)</b>	<b>(426)</b>	<b>(6,352)</b>
<b>Balance at 1 August 2015</b>	<b>8,791</b>	<b>62,681</b>	<b>31,993</b>	<b>103,465</b>
Surplus/(deficit) from the income and expenditure statement	83	(3,651)	0	(3,568)
Other comprehensive income	0	(9,350)	0	(9,350)
Transfers between revaluation and income and expenditure reserve	0	426	(426)	0
<b>Total comprehensive income for the year</b>	<b>83</b>	<b>(12,575)</b>	<b>(426)</b>	<b>(12,918)</b>
<b>Balance at 31 July 2016</b>	<b>8,874</b>	<b>50,106</b>	<b>31,567</b>	<b>90,547</b>

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

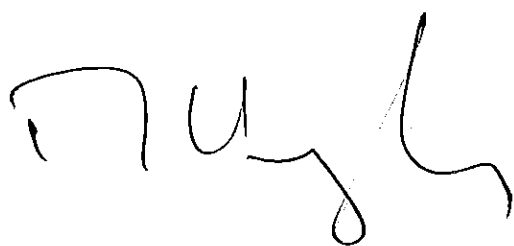
## Consolidated and University Balance Sheet

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	10	0	0	0	0
Fixed assets	11	142,145	94,740	129,559	81,621
Heritage assets	12	5,991	5,955	5,991	5,955
Investment properties	13	18,734	17,354	5,799	4,419
Investment in joint venture	14	621	0	0	0
Investment in associate	14	150	500	327	500
Other Investments	14	261	0	237	0
		<b>167,902</b>	<b>118,549</b>	<b>141,913</b>	<b>92,495</b>
<b>Current assets</b>					
Stock	16	419	245	418	239
Trade and other receivables	17	10,809	20,133	9,364	17,716
Investments	18	4,295	4,275	18,574	18,553
Cash and cash equivalents		28,228	17,623	26,569	17,286
		<b>43,751</b>	<b>42,276</b>	<b>54,925</b>	<b>53,794</b>
Less: Creditors: amounts falling due within one year	19	(15,151)	(18,345)	(15,303)	(18,259)
<b>Net current assets</b>		<b>28,600</b>	<b>23,931</b>	<b>39,622</b>	<b>35,535</b>
<b>Total assets less current liabilities</b>		<b>196,502</b>	<b>142,480</b>	<b>181,535</b>	<b>128,030</b>
Creditors: amounts falling due after more than one year	20	(17,538)	(17,175)	(283)	0
<b>Provisions</b>					
Pension provisions	27	(48,386)	(32,799)	(31,996)	(22,472)
Other provisions	21	(3,647)	(1,959)	(3,996)	(2,093)
<b>Total net assets</b>		<b>126,931</b>	<b>90,547</b>	<b>145,260</b>	<b>103,465</b>

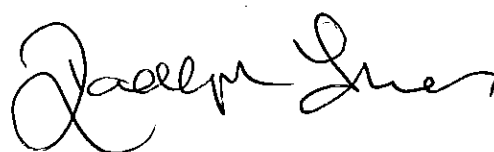
## Consolidated and University Balance Sheet

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	22	9,174	8,874	9,099	8,791
Income and expenditure reserve - restricted reserve		0	0		0
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		75,714	50,106	93,457	62,681
Revaluation reserve		42,043	31,567	42,704	31,993
<b>Total Reserves</b>		<b>126,931</b>	<b>90,547</b>	<b>145,260</b>	<b>103,465</b>

The financial statements were approved by the Governing Body on 13/12/2016 and were signed on its behalf on that date by:



Vice Chancellor



Chair of Council

**Consolidated Statement of Cash Flows**

Year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		(3,658)	(7,096)
<b>Adjustment for non-cash items</b>			
Depreciation	11	5,440	5,110
(Loss) / Gain on investments		273	27
Increase in fair value of investment properties		(552)	(97)
Decrease/(increase) in stock		(1)	(173)
Decrease/(increase) in debtors	17	(1,445)	1,829
Increase/(decrease) in creditors	19	(623)	(2,500)
Increase/(decrease) in other provisions	21	(349)	(437)
Pension costs less contributions payable	27	1,673	3,124
Share of operating surplus/(deficit) in associate	14	177	173
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(705)	(774)
Interest payable	7	42	28
Endowment income		(111)	(245)
Profit on the sale of fixed assets		10	(5)
<b>Net cash inflow from operating activities</b>		<b>171</b>	<b>(1,036)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		246	5
Investment income		705	774
Withdrawal of deposits		14,155	0
Payment to acquire investment property		(12,383)	0
New non-current asset investments		(637)	(367)
Payments made to acquire fixed assets		(12,697)	(9,426)
		<b>(10,611)</b>	<b>(9,014)</b>
<b>Cash flows from financing activities</b>			
Interest element of finance lease rental payment		(42)	(28)
New secured loans		12,000	0
Capital element of finance lease rental payments		141	124
		<b>12,099</b>	<b>96</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>1,659</b>	<b>(9,954)</b>
Cash and cash equivalents at beginning of the year		26,569	36,523
Cash and cash equivalents at end of the year		28,228	26,569

## Statement of Accounting Policies

for the year ended 31 July 2016

---

### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

### 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016, which include Coleg Sir Gar and Coleg Ceredigion. Intra entity transactions are eliminated fully on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included
- Key Management Personnel compensation has not been included a second time
- The disclosure required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

### 3. Going Concern

The activities of the University, together with the factors likely to affect its future development and performance are set out in the Operating and Financial review. The financial position of the University, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The University's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

Accordingly the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements

#### 4. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure 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.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

##### Grant Funding

Government grants including; funding council block grant; research grants from government sources; grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and the performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

##### Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.



4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### Capital grants

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

### 5. Accounting for retirement benefits

There are five principal pension schemes for the University's staff, one of these schemes the Universities Superannuation Scheme (USS), is open to new members. The other four, Teachers Pension; two local authority schemes (Swansea and Dyfed) and the University of Wales Lampeter Pension and Assurance Scheme are closed to new members. The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities attributable to an individual university due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

#### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### 6. Employment benefits

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

### 7. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**8. Operating leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

**9. Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

**10. Fixed assets**

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

**Land and Buildings**

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows

Academic buildings	50 years
Residences	30 years
Laboratories and lecture theatres	30 years
Refurbishments	20 years

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

**Equipment**

Equipment, including computers and software, costing less than £5,000 is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	4 years
Equipment acquired for specific research projects	3-5 years
Other Equipment	10 years
Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

**Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised

## 11. Heritage assets

Works of art and other valuable artefacts and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Works of Art is included at costs incurred from 1 April 1981.

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

## 12. Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

The review of the fair value of the investment properties is undertaken by the University's Director of Operation, who is a Fellow of the Royal Institute of Chartered Surveyors.

## 13. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive income and Expenditure.

## 14. Stock

Stock is held at the lower of cost and net realisable value. Cost represents the invoice price of the stock.

## 15. Financial instruments

### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs less any impairment losses in the case of trade debtors.

### Interest bearing borrowings

Interest-bearing borrowings other than public benefit entity concessionary loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Concessionary loans are recognised initially at the amount received or paid and subsequently measured at cost plus any accrued interest payable or receivable.

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value

### Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

## 16. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

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

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

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

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

## 17. Accounting for Joint Ventures and Associates

The University accounts for its share of joint ventures and associates using the equity method.

The University accounts for its share of transactions from joint ventures and associates assets in the Comprehensive Statement of Income and Expenditure.

## 18. Taxation

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

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost. The University's subsidiaries, that are statutory companies, are liable to Corporation Tax in the same way as any other commercial organisation.

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

## 19. Reserves

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

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

## 20. Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- 

- **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Investment properties**

Investment properties are not depreciated but are valued at fair value

- **Pension Schemes**

Local Government & In House

The present value of the Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed (Local Government at 31 March 2013) and (in House 31 July 2014) has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

University Superannuation Scheme (USS)

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to an individual university due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The assumptions are disclosed in note 26

- **Impairment of debtors**

The College makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of the debtors, historical experience and the financial circumstances of the counterparty. See note 17 for the net carrying amount of debtors.

## 21. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 28.

Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period. The following exemptions have been taken into these financial statements:

Certain fixed assets, had previously been revalued, and were held at that valuation in the accounts. At 1 August 2014 this value of these fixed assets has been used for deemed cost.

## NOTES TO THE ACCOUNTS

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	46,056	42,641	41,641	38,845
Full-time international students	3,973	3,964	3,427	3,418
Part-time students	1,915	1,678	2,335	1,324
Education contracts	1,111	0	1,228	0
	<b>53,055</b>	<b>48,283</b>	<b>48,631</b>	<b>43,587</b>
<b>2 Funding body grants</b>				
<b>Recurrent grant</b>				
Higher Education Funding Council	3,440	3,440	4,488	4,488
Welsh Government	19,653	278	20,810	320
<b>Specific grants</b>				
Higher Education Funding Council	1,451	1,451	2,356	2,356
Welsh Government	4,751	0	4,097	0
	<b>29,295</b>	<b>5,169</b>	<b>31,751</b>	<b>7,164</b>
<b>3 Research grants and contracts</b>				
Research councils	58	58	18	18
Research charities	50	50	39	39
Other	218	218	295	295
	<b>326</b>	<b>326</b>	<b>352</b>	<b>352</b>

## NOTES TO THE ACCOUNTS

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>4 Other income</b>				
Residences, catering and conferences	6,572	5,604	6,788	5,793
Other revenue grants	1,117	702	3,811	2,263
Other capital grants	500	0	546	365
Other income	13,080	9,988	10,638	7,036
	<b>21,269</b>	<b>16,294</b>	<b>21,783</b>	<b>15,457</b>
<b>5 Investment income</b>				
Investment income on endowments	346	346	389	389
Other investment income	359	333	385	342
	<b>705</b>	<b>679</b>	<b>774</b>	<b>731</b>
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>6 Staff costs</b>				
Salaries	54,647	36,266	55,832	35,670
Social security costs	4,478	3,012	4,173	2,781
Movement on USS provision	573	573	2,760	2,760
Other pension costs	9,300	5,980	8,198	5,155
Total	<b>68,998</b>	<b>45,831</b>	<b>70,963</b>	<b>46,366</b>
			2016 £' 000	2015 £' 000
Emoluments of the Vice-Chancellor:				
Salary			218	212
Benefits			14	14
Pension contributions to USS			39	36
			<b>271</b>	<b>262</b>

The Vice Chancellor is also Vice Chancellor of the University of Wales. 20% of the Vice Chancellor's emoluments are recharged to the University of Wales. The emoluments disclosed above represent 100% of the Vice Chancellor's emoluments.

**NOTES TO THE ACCOUNTS**

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to relevant accounts direction) all shown before any salary sacrifice

	2016 No.	2015 No.
£100,000 to £109,999		
£110,000 to £119,999		
£120,000 to £129,999		
£130,000 to £139,999		
	<b>2</b>	<b>3</b>
	<b>2</b>	<b>3</b>

Average staff numbers by :

	No.	No.
Academic Departments	<b>866</b>	874
Non Academic Departments	<b>888</b>	934
	<b>1,754</b>	<b>1,808</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

	Year ended 31 July 2016 £ '000	Year ended 31 July 2015 £ '000
<b>Key management personnel</b>	<b>1,057</b>	858

The above staff costs for key management personnel do not include the cost of key management that are employed by the University of Wales, but working across both institutions. These costs totalling £68K (2015-40K) are included in other operating expenses.

**Council Members**

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No council member has received any remuneration/waived payments from the group during the year (2015 - Nil).

The total expenses paid to or on behalf of 16 council members was £16K (2015 - £13K to 14 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity.



## NOTES TO THE ACCOUNTS

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>7</b>	<b>Interest and other finance costs</b>				
	Finance leases (including Service concession finance charge)	14	42	28	0
	Decrease in fair value of derivatives	19	2,035	0	0
	Net charge on pension scheme	35	1,056	975	654
			<u>3,133</u>	<u>1,003</u>	<u>654</u>
<b>8</b>	<b>Analysis of other operating expenses by activity</b>				
	Academic and related expenditure		11,547	11,081	7,166
	Administration and central services		10,265	10,290	6,631
	Premises		6,150	7,025	4,854
	Residences, catering and conferences		1,568	1,520	697
	Other expenses		1,095	1,241	491
			<u>30,625</u>	<u>31,157</u>	<u>19,839</u>
	Other operating expenses include:				
	External auditor's remuneration in respect of audit services		114	85	53
	External auditor's remuneration in respect of non-audit services		21	30	8
	Operating lease rentals		778	983	539
<b>9</b>	<b>Taxation</b>				
	<b>Recognised in the statement of comprehensive income</b>				
	<b>Current tax</b>				
	Current tax expense		16	11	
	Adjustment in respect of previous years		(5)	1	
	<b>Current tax expense</b>		<u>11</u>	<u>12</u>	
	<b>Deferred tax</b>				
	Origination and reversal of timing differences		1	0	
	<b>Deferred tax expense</b>		<u>1</u>	<u>0</u>	
	<b>Total tax expense</b>		<u>12</u>	<u>12</u>	

## NOTES TO THE ACCOUNTS

## 10 Intangible assets

Milk Quota	Year ended 31 July 2016	
	Consolidated £'000	University £'000
Cost 1 August 2015 and 31 July 2016	302	0
Amortisation 1 August 2015	302	0
Amortisation charge for the year	0	0
Amortisation 31 July 2016	<u>302</u>	<u>0</u>
Net book value 31 July 2015 and 2016	<u>0</u>	<u>0</u>

The intangible asset is for the milk quota in Coleg Sir Gar, one of the University's subsidiaries. The Quota has been fully amortised.

## NOTES TO THE ACCOUNTS

## 11 Tangible fixed assets

Consolidated	Freehold land and buildings £ '000	Assets Under Construction £ '000	Leasehold land and buildings £ '000	Equipment, fixtures and fittings £ '000	Motor vehicles £ '000	Livestock £ '000	Totals £ '000
<b>Cost or Valuation</b>							
At 1 August 2015	138,773	2,718	18,532	35,233	247	439	195,942
Additions in the year	1,476	14,239	0	2,517	17	33	18,282
Assets completed in the year	427	(526)	0	99	0	0	0
Disposals	(733)	0	0	(574)	0	0	(1,307)
At 31 July 2016	139,943	16,431	18,532	37,275	264	472	212,917
<b>Accumulated depreciation</b>							
At 1 August 2015	32,293	0	2,199	31,662	229	0	66,383
Charge for the year	3,026	0	364	2,041	9	0	5,440
Disposals	(477)	0	0	(574)	0	0	(1,051)
At 31 July 2016	34,842	0	2,563	33,129	238	0	70,772
<b>Net book value</b>							
At 31 July 2016	105,101	16,431	15,969	4,146	26	472	142,145
At 31 July 2015	106,480	2,718	16,333	3,571	18	439	129,559
<b>University</b>							
<b>Cost or Valuation</b>							
At 1 August 2015	74,497	2,718	18,532	25,643	247	0	121,637
Additions in the year	828	14,239	0	1,519	17	0	16,603
Disposals	(142)	0	0	0	0	0	(142)
Assets completed in the year	427	(526)	0	99	0	0	0
At 31 July 2016	75,610	10,846	18,532	27,261	264	0	138,098
<b>Accumulated depreciation</b>							
At 1 August 2015	14,207	0	2,199	23,381	229	0	40,016
Charge for the year	1,634	0	364	1,446	9	0	3,453
Disposal	(111)	0	0	0	0	0	(111)
At 31 July 2015	15,730	0	2,563	24,827	238	0	43,358
<b>Net book value</b>							
At 31 July 2016	59,880	16,431	15,969	2,434	26	0	94,740
At 31 July 2015	60,290	2,718	16,333	2,262	18	0	81,621

## NOTES TO THE ACCOUNTS

## 12 Heritage assets

The heritage assets include a collection of rare manuscripts, tracts, incunables and printed books. The last valuation of the heritage assets was undertaken in April 2012 by Bernard Quaritch Ltd.

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

There have been no acquisitions of heritage assets within the last four years.

## 13 Investment properties

## Consolidated

	Freehold Property £' 000
Balance at 1 August 2015	5,799
Additions	12,383
Increase in fair value	552
Balance at 31 July 2016	<u>18,734</u>

## University

	Freehold Property £ '000
Balance at 1 August 2015	4,419
Additions	12,383
Increase in fair value	552
Balance at 31 July 2016	<u>17,354</u>

## 14 Non-Current Investments

## Consolidated

	Interest in Joint Venture £'000	Interest in associated undertaking £'000	Other fixed assets investments £'000	Total £'000
At 1 August 2015	0	500	237	737
Additions	621	0	16	637
Impairment	0	0	8	8
At 31 July 2016	<u>621</u>	<u>500</u>	<u>261</u>	<u>1,382</u>
Share of post-acquisition reserves				
At 1 August	0	(173)	0	(173)
Retained profit less losses	0	(177)	0	(177)
At 31 July 2016	<u>0</u>	<u>(350)</u>	<u>0</u>	<u>(350)</u>
Balance at 31 July 2016	<u>621</u>	<u>150</u>	<u>261</u>	<u>1,032</u>
Balance at 31 July 2015	<u>0</u>	<u>327</u>	<u>237</u>	<u>564</u>
University		£'000	£'000	£'000
At 1 August 2015		500	0	500
At 31 July 2016		<u>500</u>	<u>0</u>	<u>500</u>

## NOTES TO THE ACCOUNTS

The University has a 49% holding in the UW Centre for Advance Batch Manufacturing Ltd, the company undertakes research and consultancy to develop industrial specific solutions for SMEs. The Group's share of the operation loss of the associate for the year ended 31 July 2016 is £177,000 (2015 –loss £173,000)

**15 Investment in joint venture**

One of the University's subsidiaries, UWTSD Investments Limited, holds a 50% share of OSTC TSD LLP, a limited liability partnership. This is a joint venture owned equally by UWTSD Investments Limited and OSTC, a Commercial Company. The arrangement is treated as a joint venture and is accounted for using the equity method, such that the equity investment is initially recorded at cost and is subsequently adjusted to reflect the University's 50% share of the net profit or loss of the joint venture.

**16 Stock**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	252	245	248	239
Livestock for resale	167	0	170	0
	<b>419</b>	<b>245</b>	<b>418</b>	<b>239</b>

**17 Trade and other debtors**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade debtors	4,737	3,886	4,721	3,742
Prepayments and accrued income	6,072	4,798	4,643	2,901
Amounts due from subsidiary companies	0	11,449	0	11,073
	<b>10,809</b>	<b>20,133</b>	<b>9,364</b>	<b>17,716</b>

**18 Current Investments**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term investment in shares	4,275	4,275	11,338	11,338
Short term bonds	0	0	7,196	7,196
Short term deposits	20	0	40	19
	<b>4,295</b>	<b>4,275</b>	<b>18,574</b>	<b>18,553</b>

## NOTES TO THE ACCOUNTS

**19 Creditors : amounts falling due within one year**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured loans (note 20)	410	410	0	0
Obligations under finance leases(note 20)	177	0	116	0
Trade creditors	2,524	1,711	2,863	2,092
Social security and other taxation payable	1,722	1,248	1,851	1,122
Accruals and deferred income	8,283	5,707	10,473	7,811
Amounts due to subsidiary companies	0	7,234	0	7,234
Derivative	2,035	2,035	0	0
	<b>15,151</b>	<b>18,345</b>	<b>15,303</b>	<b>18,259</b>

The amounts due to subsidiaries are repayable on demand and are interest free.

The derivative relates to an interest rate swap contract which is used to fix the rate of the University's loan to 1.425%. This is held at fair value and has been valued using mark to market.

**20 Creditors : amounts falling due after more than one year**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts due on land purchase	5,585	5,585		
Obligations under finance leases	363	0	283	0
Secured loans	11,590	11,590	0	0
	<b>17,538</b>	<b>17,175</b>	<b>283</b>	<b>0</b>
Analysis of obligations under finance leases:				
Due within one year (note 19)	177	0	116	0
Due between two and five years	363		283	0
<b>Total obligations under finance leases</b>	<b>540</b>	<b>0</b>	<b>399</b>	<b>0</b>

## NOTES TO THE ACCOUNTS

Analysis of secured and unsecured loans:

Due within one year or on demand (note19)	410	410	0	0
Due between one and two years	370	370	0	0
Due between two and five years	1,380	1,380	0	0
Due in five years or more	9,840	9,840	0	0
<b>Total secured and unsecured loans</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>0</b>
Secured loans repayable by 2026	12,000	12,000	0	0
	12,000	12,000	0	0

Lender	Amount £'000	Term	Interest rate %	Borrower
HSBC	12,000	To 2026	1.425	University

## 21 Provisions for liabilities

Consolidated	Other £'000	Pension enhancements on termination £'000	Pension Scheme Rectification £'000	Total Pensions Provisions £'000
At 1 August 2015	711	3,247	38	3,996
Utilised in year	(250)	(349)	0	(599)
Transfer from income and expenditure account	0	250	0	250
<b>At 31 July 2016</b>	<b>461</b>	<b>3,148</b>	<b>38</b>	<b>3,647</b>

## NOTES TO THE ACCOUNTS

University	Other £'000	Pension enhancements on termination £'000	Pension Scheme Rectification £'000	Total Pensions Provisions £'000
At 1 August 2015	0	2,055	38	2,093
Utilised in year	0	(259)	0	(259)
Transfer from income and expenditure account	0	125	0	125
<b>At 31 July 2016</b>	<b>0</b>	<b>1,921</b>	<b>38</b>	<b>1,959</b>

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	<b>31 July 2016 Consolidated</b>
Interest rate	2.3%
Net interest rate	1.3%



## NOTES TO THE ACCOUNTS

## 22 Endowment Funds

## Consolidated

Restricted net assets relating to endowments are as follows:

	Unrestricted permanent endowment	Restricted permanent endowment	Restricted expendable endowment	2016  Total £'000	2015  Total £'000
	£'000	£'000	£'000		
<b>Balance at 1 August 2015</b>					
Capital	1,158	3,848	21	5,027	5,318
Accumulated income	2,544	1,528	0	4,072	3,825
	3,702	5,376	21	9,099	9,143
Investment income	106	240	0	346	391
Expenditure	(17)	(225)	(2)	(244)	(146)
(Decrease) / increase in market value of investments	(121)	93	1	(27)	(289)
<b>Total endowment comprehensive income for the year</b>	(32)	108	(1)	75	(44)
<b>At 31 July 2016</b>	3,670	5,484	20	9,174	9,099
<b>Represented by:</b>					
Capital	1,037	3,941	20	4,998	5,027
Accumulated income	2,633	1,543	0	4,176	4,072
	3,670	5,484	20	9,174	9,099
<b>Analysis by type of purpose:</b>					
Lectureships	0	2,724	0	2,724	2,707
Fellowships, scholarships and prize funds	0	1,247	20	1,267	1,225
General	3,670	1,513	0	5,183	5,167
	3,670	5,484	20	9,174	9,099
<b>Analysis by asset</b>					
Investments				4,294	7,728
Cash				4,981	1,451
Creditors				(101)	(80)
				9,174	9,099

## NOTES TO THE ACCOUNTS

## University:

Restricted net assets relating to endowments are as follows:

	Unrestricted permanent endowments	Restricted permanent endowments	2016	2015
	£'000	£'000	Total £'000	Total £'000
<b>Balances at 1 August 2015</b>				
Capital	1,147	3,596	4,743	5,000
Accumulated income	2,530	1,518	4,048	3,800
	<u>3,677</u>	<u>5,114</u>	<u>8,791</u>	<u>8,800</u>
Investment income	106	240	346	380
Expenditure	(15)	(220)	(235)	(144)
(Decrease) / increase in market value of investments	(121)	93	(28)	(263)
	<u>(30)</u>	<u>113</u>	<u>83</u>	<u>(187)</u>
<b>Total endowment comprehensive income for the year</b>				
	<u>(30)</u>	<u>113</u>	<u>83</u>	<u>(187)</u>
<b>At 31 July 2016</b>	<u>3,647</u>	<u>5,227</u>	<u>8,874</u>	<u>8,790</u>
<b>Represented by:</b>				
Capital	1,026	3,689	4,715	4,740
Accumulated income	2,621	1,538	4,159	4,040
	<u>3,647</u>	<u>5,227</u>	<u>8,874</u>	<u>8,790</u>
<b>Analysis by type of purpose:</b>				
Lectureships	0	2,724	2,724	2,700
Fellowships, scholarships and prize funds	0	1,223	1,223	1,180
General	3,647	1,280	4,927	4,900
	<u>3,647</u>	<u>5,227</u>	<u>8,874</u>	<u>8,790</u>
<b>Analysis by asset</b>				
Investments			4,274	7,720
Cash			4,701	1,140
Creditors			(101)	(800)
			<u>8,874</u>	<u>8,790</u>

## NOTES TO THE ACCOUNTS

**23 Capital and other commitments**

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

	At 31st July 2016		At 31st July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	109	0	9,127	9,000
Commitments authorised	30,570	30,570	0	0
	<b>30,679</b>	<b>30,570</b>	<b>9,127</b>	<b>9,000</b>

**24 Lease obligations**

Total rentals payable under operating leases:

	At 31st July 2016			At 31 July 2015
	Land and Buildings £'000	Other leases £'000	Total £'000	Total £'000
Payable during the year	380	398	778	983
<b>Future minimum lease payments due:</b>				
Not later than 1 year	367	221	588	180
Later than 1 year and not later than 5 years	727	189	916	356
Later than 5 years	0	0	0	323
<b>Total lease payments due</b>	<b>1,094</b>	<b>410</b>	<b>1,504</b>	<b>859</b>

**NOTES TO THE ACCOUNTS****25 Subsidiary undertakings**

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

<b>Company</b>	<b>Principal Activity</b>	<b>Status</b>
Eclectica Drindod Limited	Deliver third mission activity	TUC sole member
Trinity College	Hold endowment assets	TUC sole trustee
Trinity University College (TUC)	Dormant	UWTSD sole member
UWTSD investments Limited	Commercial activities	100% owned
Y Ganolfan Dysgu Cymraeg	Delivery of Welsh for Adults programme	UWTSD sole member
Genedlaethol	Dormant	100% owned
UWTSD Learning Centres Limited	Further education	100% owned
Coleg Sir Gar	Further education	100% owned
Coleg Ceredigion	Further education	100% owned

**26 Related party transactions**

The related party transactions with organisation that do not form part of the group are disclosed below:

The following were outstanding carried out during the year ended 31 July 2016.

University of Wales is deemed a related party in that it owns a 51% share in an associate that the University has an interest

Balances : £25,887 receivable (2015: 58,203), £57,339 payable (2015 59,729)  
Total income £101,571 (2015 69,765) Total purchases £286,134 (2015 £347,096)

OSTC (Wales) Limited is deemed a related party in that it is an equal partner in a joint venture, OSTC Trinity St David LLP

Balances: £4,059 receivable (2015: £1,408) £0 payable (2015:0)  
Total income £104,113 (2015: 106,439) Total purchases £0 (2015: £0)

## NOTES TO THE ACCOUNTS

**27. Pension schemes**

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

The total pension costs included in the consolidated accounts are:

	Consolidated	University	Consolidated	University
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
<b>TPS contributions</b>				
University of Wales: Trinity Saint David	1,373	1,373	1,332	1,332
Coleg Sir Gar	1,362	0	1,318	0
Coleg Ceredigion	284	0	274	0
<b>USS contributions</b>				
University of Wales: Trinity Saint David	2,727	2,727	2,272	2,272
<b>Local Government contributions</b>				
University of Wales Trinity Saint David	1,865	1,865	1,768	1,768
Less recharged to subsidiary	0	(3)	0	(3)
Coleg Sir Gar	993	0	934	0
Coleg Ceredigion	183	0	184	0
<b>In House Scheme</b>				
University of Wales Trinity Saint David	190	190	346	346
<b>FRS102 adjustment</b>				
University of Wales Trinity Saint David	(297)	(297)	(417)	(417)
Movement on USS provision	573	573	2759	2759
Coleg Sir Gar	303	0	271	0
Coleg Ceredigion	93	0	59	0
<b>Restructuring Provision</b>				
University of Wales Trinity Saint David	125	125	(142)	(142)
Coleg Sir Gar	38	0	0	0
Coleg Ceredigion	61	0	0	0
<b>Total Pension costs per note 6</b>	<b>9,873</b>	<b>6,553</b>	<b>10,958</b>	<b>7,915</b>

## NOTES TO THE ACCOUNTS

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

	Consolidated 2016 £'000	University 2016 £'000	Consolidated 2015 £'000	University 2015 £'000
<b>In House Scheme</b>				
University of Wales: Trinity Saint David	4,593	4,593	3,438	3,438
<b>USS Pension Scheme</b>				
University of Wales: Trinity Saint David	5,055	5,055	4,373	4,373
<b>Local Government Schemes</b>				
University of Wales: Trinity Saint David	16,550	16,550	10,780	10,780
University of Wales: Trinity Saint David	6,601	6,601	3,881	3,881
Coleg Sir Gar	13,535	0	8,541	0
Coleg Ceredigion	2,052	0	983	0
<b>Liability at 31 July</b>	<b>48,386</b>	<b>32,799</b>	<b>31,996</b>	<b>22,472</b>

**LGPS****Dyfed Scheme**

A full actuarial valuation of the scheme was carried out as at 31 March 2013 and updated to 31 July 2016 by a qualified independent actuary. The major assumptions used by the actuary were:

	2016 %	2015 %	2014 %
Rate of increase in salaries	3.2	3.7	3.8
Rate of increase in pensions	1.8	2.2	2.3
Discount rate	2.5	3.8	4.3
Rate of inflation	1.7	2.2	2.3

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

	2016	2015	2014
<b>Retiring today</b>			
Males	23.4	23.3	23.2
Females	25.9	25.8	25.7
<b>Retiring in 20 years</b>			
Males	25.7	25.5	25.4
Females	28.2	28.1	28.0

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

The split of the scheme assets were:

	Split at 31 July 2016 £'000	Split at 31 July 2015 £'000	Split at 31 July 2014 £'000
Equities	68.9%	69.7%	70.1%
Government Bonds	10.5%	9.7%	9.6%
Other Bonds	9.5%	9.8%	9.7%
Property	10.8%	10.3%	10.2%
Cash/liquidity	0.3%	0.5%	0.4%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Dyfed Scheme - University of Wales Trinity Saint David**

The following amounts at 31 July 2016, 31 July 2015 and at 31 July 2014 were measured in accordance with the requirements of FRS102

	31 July 2016 £ '000	31 July 2015 £ '000	31 July 2014 £ '000
Fair value of assets	18,274	16,045	14,352
Present value of scheme liabilities	<u>(24,875)</u>	<u>(19,926)</u>	<u>(17,500)</u>
(Deficit) in the scheme	<u>(6,601)</u>	<u>(3,881)</u>	<u>(3,148)</u>

**Analysis of amount charged to operating profit**

	2016 £ '000	2015 £ '000
Current service cost	(525)	(475)
Administration expenses	(12)	(13)
Total operating charge	<u>(537)</u>	<u>(488)</u>

**Analysis of finance income and charges**

	2016 £ '000	2015 £ '000
Expected return on assets	613	620
Interest on pension liabilities	(751)	(746)
Net finance cost	<u>(138)</u>	<u>(126)</u>

## NOTES TO THE ACCOUNTS

## Movement in scheme deficit during the year

	2016 £ '000	2015 £ '000
(Deficit)/Surplus in scheme at beginning of the year	(3,881)	(3,148)
<b>Movement in year</b>		
Current service cost	(537)	(488)
Contributions paid by the employer	515	478
Net finance cost	(138)	(126)
Actuarial (loss)	(2,560)	(597)
	<hr/>	<hr/>
Deficit in scheme at the end of the year	<u>(6,601)</u>	<u>(3,881)</u>

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

	2016 £ '000	2015 £ '000
At 1 August	(19,926)	(17,500)
Current service cost	(525)	(475)
Interest cost	(751)	(746)
Member contributions	(164)	(169)
Actuarial losses	(4,010)	(1,545)
Benefits paid	501	509
At 31 July	<hr/> <u>(24,875)</u>	<hr/> <u>(19,926)</u>

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

	31 July 2016 £ '000	31 July 2015 £ '000
At 1 August	16,045	14,352
Expected rate of return on scheme assets	613	620
Re measurement gains on assets	1,450	948
Administration expenses	(12)	(13)
Employer contributions	515	478
Members contributions	164	169
Benefits paid	(501)	(509)
At 31 July	<hr/> <u>18,274</u>	<hr/> <u>16,045</u>



**NOTES TO THE ACCOUNTS****Dyfed Scheme – Coleg Sir Gar**

The following amounts at 31 July 2016, 31 July 2015 and at 31 July 2014 were measured in accordance with the requirements of FRS102:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value of assets	32,356	28,393	25,124
Liabilities	(45,891)	(36,934)	(31,753)
(Deficit) in the scheme/net pension (liability)	(13,535)	(8,541)	(6,629)

In accordance with FRS102, the following components of the pension charge have been recognised in the Statement of Comprehensive Income for the year ended 31 July 2016 and 31 July 2015:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	(1,267)	(1,203)
Administration cost	(29)	(30)
Curtailment cost	0	(2)
Operating cost	(1,296)	(1,235)
<b>Analysis of finance income and charges</b>		
Expected return on assets	1,085	1,092
Interest on pension liabilities	(1,391)	(1,358)
Net finance cost	(306)	(266)

## NOTES TO THE ACCOUNTS

Movement in the College's share of the scheme's deficit during the year	2016 £'000	2015 £ '000
(Deficit) in scheme as at 1 August	(8,541)	(6,629)
Operating cost	(1,296)	(1,235)
Net finance income/(cost)	(306)	(266)
Actuarial gain/(loss)	(4,385)	(1,345)
Contributions	993	934
(Deficit) in scheme as at 31 July	(13,535)	(8,541)

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

	2016 £000	2015 £000
Liabilities at start of period	36,934	31,753
Current service cost	1,267	1,203
Interest cost	1,391	1,358
Contribution by scheme participants	340	366
Actuarial (gain)/loss	6,953	3,014
Benefits paid	(994)	(762)
Curtailments and settlements	0	2
Liabilities at end of period	45,891	36,934

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

	2016 £000	2015 £000
Assets at start of period	28,393	25,124
Expected return on assets	1,085	1,092
Actuarial gain/(loss)	2,568	1,669
Administration expenses	(29)	(30)
Contributions by the employer	993	934
Contributions by the scheme participant	340	366
Benefits paid	(994)	(762)
Assets at end of period	32,356	28,393

**NOTES TO THE ACCOUNTS****Dyfed Scheme – Coleg Ceredigion**

The following amounts at 31 July 2015, 31 July 2014 and at 31 July 2013 were measured in accordance with the requirements of FRS102:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market value of assets	8,809	7,801	6,991
Liabilities	(10,861)	(8,784)	(7,705)
(Deficit) in the scheme/net pension (liability)	(2,052)	(983)	(714)

In accordance with FRS102, the following components of the pension charge have been recognised in the income and expenditure account and statement of total recognised gains and losses for the year ended 31 July 2016 and 31 July 2015:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	(276)	(243)
Administration charge	(6)	-
Operating cost	(282)	(243)

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of finance income and charges</b>		
Expected return on assets	297	424
Interest on pension liabilities	(331)	(333)
Net finance cost	(34)	91

**NOTES TO THE ACCOUNTS****Movement in scheme deficit for the year**

(Deficit) in scheme as at 1 August	(983)	(714)
Operating cost	(282)	(255)
Net finance cost	(34)	(25)
Actuarial (loss)	(936)	(173)
Contributions	183	184
(Deficit) in scheme as at 31 July	<u>(2052)</u>	<u>(983)</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at start of period	8,784	7,705
Current service cost	276	249
Interest cost	331	327
Contribution by scheme participants	72	74
Actuarial (gain)/loss	1,638	633
Benefits paid	(240)	(204)
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>10,861</u>	<u>8,784</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Assets at start of period	7,801	6,991
Expected return on assets	297	302
Actuarial gain	702	460
Contributions by the employer	183	184
Administration charge	(6)	(6)
Contributions by the scheme participant	72	74
Benefits paid	(240)	(204)
Assets at end of period	<u>8,809</u>	<u>7,801</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.

**NOTES TO THE ACCOUNTS****Swansea Scheme – University of Wales Trinity Saint David**

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

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

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

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

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

**FRS102 disclosure**

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2013 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2016. The projected unit method was used.

**Principal financial assumptions**

	31 July 2016	31 July 2015	31 July 2014
Rate of increase in salaries*	3.3%	3.5%	3.7%
Rate of increase in pensions in payment**	1.8%	2.0%	2.2%
Rate of increase in deferred pensions**	1.8%	2.0%	2.2%
Discount rate	2.4%	3.5%	4.1%
CPI Inflation assumption	1.8%	2.0%	2.2%

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

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

**NOTES TO THE ACCOUNTS****Principal demographic assumptions**

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

	31 July 2016	31 July 2015
<b>Male</b>		
Future lifetime from age 65 (currently aged 65)	22.7	22.6
Future lifetime from age 65 (currently aged 45)	24.9	24.8
<b>Female</b>		
Future lifetime from age 65 (currently aged 65)	25.2	25.1
Future lifetime from age 65 (currently aged 45)	27.5	27.4

**Asset allocation**

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.

	2016	2015	2014
	%	%	%
Equities	74.6	73.9	73.5
Property	5.4	4.9	5.1
Government			
Bonds	12.7	12.8	13.4
Corporate	1.0	1.0	1.0
Bonds			
Cash	3.2	3.0	2.4
Other*	3.1	4.4	4.6
Total	100.0	100.0	100.0

\*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.

<b>Reconciliation of funded status to balance sheet</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value of assets	26,280	23,200	20,810
Present value of funded liabilities	(42,830)	(33,980)	(29,530)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(16,550)</b>	<b>(10,780)</b>	<b>(8,720)</b>

**NOTES TO THE ACCOUNTS**

<b>Analysis of amounts charged to operating profit</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(1,060)	(1,060)
<b>Total operating charge</b>	<b>(1,060)</b>	<b>(1,060)</b>

<b>Analysis of finance income charges</b>	830	870
Interest on pension scheme liabilities	(1,180)	(1,210)
<b>Net Financing Cost</b>	<b>(350)</b>	<b>(340)</b>

<b>Analysis of the movement in the present value of the scheme liabilities</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Opening present value of liabilities</b>	<b>33,980</b>	<b>29,530</b>
Current service cost	1,060	1,060
Interest Cost	1,180	1,210
Contributions by participants	260	280
Actuarial losses on liabilities	6,910	2,460
Net benefits paid out	(560)	(560)
<b>Closing present value of liabilities</b>	<b>42,830</b>	<b>33,980</b>

<b>Analysis of the movement in the present value of the scheme assets</b>	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Opening fair value of assets</b>	<b>23,200</b>	<b>20,810</b>
Expected return on assets	830	870
Remeasurement gains on assets	1,200	510
Contributions by the employer	1,350	1,290
Contributions by participants	260	280
Net benefits paid out	(560)	(560)
<b>Closing fair value of assets</b>	<b>26,280</b>	<b>23,200</b>

**NOTES TO THE ACCOUNTS****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.

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

A full actuarial valuation was carried out as at 31 July 2014 and updated to 31 July 2016 by a qualified actuary, independent of the plan's sponsoring employer.

The results of the 31 July 2014 valuation showed a deficit of £1,073,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 8 years from 1 August 2015 by the payment of monthly contributions of £9,167 increasing at 3% per annum in respect of the deficit. In addition and in accordance with the actuarial valuation, the University has agreed with the trustees that it will pay 18.77% of pensionable earnings in respect of the cost of accruing benefits. The University will also meet expenses of the scheme and levies to the Pension Protection Fund, insurance premiums for death in service and all management and administration expenses. Member contributions are payable at the rate of 6.25% of pensionable service.

The next valuation is due as at 31 July 2017.

The material assumptions used by the actuary as at 31 July 2016, and for the comparative period, were as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
Rate of increase in salaries	4.0	4.2	4.3
Rate of increase in pensions in payment	2.9	3.1	3.2
Discount rate	2.5	3.5	4.1
Inflation assumption ( CPI)	2.1	2.3	2.4
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 2016 imply the following life expectancies:

Male retiring at age 65 in 2016	21.6 years
Female retiring at age 65 in 2016	23.6 years
Male retiring at age 65 in 2036	23.4 years
Female retiring at age 65 in 2036	25.5 years



**NOTES TO THE ACCOUNTS**

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

	2016 £'000	2015 £'000	2014 £'000
Equities	6,814	6,196	5,650
Bonds	9,130	7,812	6,206
Other	1,387	1,348	1,263
	<u>17,331</u>	<u>15,356</u>	<u>13,119</u>

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

	2016 £'000	2015 £'000	2014 £'000
Fair value of scheme assets	17,331	15,356	13,119
Present value of scheme liabilities	<u>(21,924)</u>	<u>(18,794)</u>	<u>(16,482)</u>
<b>Deficit (net pension liability)</b>	<u>(4,593)</u>	<u>(3,438)</u>	<u>(3,363)</u>

**Analysis of the amount charged to operating profit**

	2016 £'000	2015 £'000
Current service cost	146	119
Expenses	47	132
<b>Total operating charge</b>	<u>193</u>	<u>251</u>

**Analysis of finance income and charges**

	2016 £'000	2015 £'000
Interest income	535	537
Interest on pension liabilities	<u>(654)</u>	<u>(670)</u>
<b>Net finance cost</b>	<u>(119)</u>	<u>(133)</u>

**Defined benefit cost recognised in other comprehensive income statement**

	2016 £'000	2015 £'000
Return on plan assets – gain	1,598	1,739
Experienced (losses) arising on plan liabilities	99	(3)
Change in financial and demographic assumptions underlying the plan	<u>(2,777)</u>	<u>(1,905)</u>
<b>Total (loss) recognised in the other comprehensive income statement</b>	<u>(1,080)</u>	<u>(169)</u>

**NOTES TO THE ACCOUNTS**

Movement in the scheme deficit during the year:

	2016 <u>£'000</u>	2015 <u>£'000</u>
Deficit at 1 August	(3,438)	(3,363)
Movement in year:		
Current service cost	(146)	(119)
Net interest payable	(119)	(133)
Contributions	237	478
Expenses	(47)	(132)
Actuarial (loss)/gain	(1,080)	(169)
<b>Deficit at 31 July</b>	<u>(4,593)</u>	<u>(3,438)</u>

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

	2016 <u>£'000s</u>	2015 <u>£'000s</u>
Scheme liabilities at start of period	18,794	16,482
Current service cost	146	119
Interest cost	654	670
Contributions by scheme participants	29	29
Actuarial loss/(gain)	2,678	1,908
Benefits paid, death in service insurance premiums and expenses	(424)	(546)
Expenses	47	132
Scheme liabilities at end of period	<u>21,924</u>	<u>18,794</u>

**Analysis of movement in the market value of scheme assets**

	2016 <u>£'000s</u>	2015 <u>£'000s</u>
Fair value of scheme assets at start of period	15,356	13,119
Interest income	535	537
Actuarial gains	1,598	1,739
Contributions by employer	237	478
Contributions by scheme participants	29	29
Benefits paid, death in service insurance premiums and expenses	(424)	(546)
Fair value of scheme assets at end of period	<u>17,331</u>	<u>15,356</u>

**Teachers' Pension Scheme**

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

**NOTES TO THE ACCOUNTS**

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

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

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the University an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out above the information on the scheme and the implication for the University in terms of the anticipated contribution rates.

**USS**

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final pensionable salary. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other University's' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

The assumptions used in calculation the deficit provision are:

Discount Rate	2.5%
Pay inflation	1.0%

The deficit provision at 31 July 2015 was £4,373,000 which has increased to £5,055,000 at 31 July 2016

## NOTES TO THE ACCOUNTS

## 28 Transition to FRS102

As explained in the accounting policies, these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, based Statement of Financial Position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting. An explanation of how the transition to FRS 102 has affected the Company's financial position, financial performance and cash flows is set out in the following table.

## UNIVERSITY

	Notes	1 August 2014			31 July 2015		
		2007	Effect of	FRS 102	2007	Effect of	FRS 102
		SORP	transition to	FRS 102	SORP	transition	FRS 102
		£'000	£'000	£'000	£'000	£'000	
Non-current assets							
Fixed Assets	(i)	82,842	(4,285)	78,557	86,049	(4,428)	81,621
Heritage Assets		5,955	0	5,955	5,955	0	5,955
Investment properties	(i)	0	4,165	4,165	0	4,419	4,419
Investments		<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>0</u>	<u>500</u>
Endowments	(iv)	<u>8,809</u>	<u>(8,809)</u>	<u>0</u>	<u>8,791</u>	<u>(8,791)</u>	<u>0</u>
Current assets							
Stock		61	0	61	239	0	239
Trade and other debtors		18,979	0	18,979	17,716	0	17,716
Investments	(iv)	10,601	7,947	18,548	10,825	7,728	18,553
Cash and cash equivalents	(iv)	23,129	862	23,991	16,143	1,143	17,286
Less: Creditors: amounts falling due within one year	(vi)	<u>(19,741)</u>	<u>(1,410)</u>	<u>(21,151)</u>	<u>(16,660)</u>	<u>(1,599)</u>	<u>(18,259)</u>
Net current (liabilities)/assets		<u>33,029</u>	<u>7,399</u>	<u>40,428</u>	<u>28,263</u>	<u>7,272</u>	<u>35,535</u>
Total assets less current liabilities		<u>130,635</u>	<u>(1,530)</u>	<u>129,105</u>	<u>129,558</u>	<u>(1,528)</u>	<u>128,030</u>
Provisions for liabilities and charges		<u>(2,499)</u>	<u>0</u>	<u>(2,499)</u>	<u>(2,093)</u>	<u>0</u>	<u>(2,093)</u>
Pension Liability	(vii)	<u>(15,231)</u>	<u>(1,558)</u>	<u>(16,789)</u>	<u>(18,099)</u>	<u>(4,373)</u>	<u>(22,472)</u>
Total net assets		<u>112,905</u>	<u>(3,088)</u>	<u>109,817</u>	<u>109,366</u>	<u>(5,901)</u>	<u>103,465</u>
Deferred grants	(ii)	15,682	(15,682)	0	15,233	(15,233)	0

## NOTES TO THE ACCOUNTS

		1 August 2014			31 July 2015		
		SORP 2007	Effect of transition to FRS 102	FRS102	SORP 2017	Effect of transition to FRS 102	FRS 102
Endowment funds	(iv)	8,809	(8,809)	0	8,791	(8,791)	0
Revaluation reserve		32,419	0	32,419	31,993	0	31,993
<b>Restricted Reserves</b>							
Income and expenditure reserve-endowment reserve	(iv)	0	8,809	8,809	0	8,791	8,791
<b>Unrestricted Reserves</b>							
Income and expenditure reserve - unrestricted		55,995	12,594	68,589	53,349	9,332	62,681
<b>Total Reserves</b>		<b>112,905</b>	<b>(3,088)</b>	<b>109,817</b>	<b>109,366</b>	<b>(5,901)</b>	<b>103,465</b>

## Reconciliation of surplus for 2015

		31 July 2015		
		2007 SORP	Effect of transition to FRS 102	FRS 102
Income	(ii) & (iii)	67,740	(449)	67,291
Expenditure	(v) to (vii)	<u>(67,137)</u>	<u>(3,766)</u>	<u>(70,903)</u>
		603	(4,215)	(3,612)
(Loss)/Gain on investments		0	(40)	(40)
Increase in fair value of investment property	(v)	<u>0</u>	<u>16</u>	<u>16</u>
Surplus before tax		603	(4,215)	(3,636)
Taxation		<u>0</u>	<u>0</u>	<u>0</u>
Surplus for the year		603	(4,215)	(3,636)
Actuarial (loss) in respect of pension schemes	(viii)	<u>0</u>	<u>(2,716)</u>	<u>(2,716)</u>
<b>Total comprehensive income for the year</b>		<u><b>603</b></u>	<u><b>(6,931)</b></u>	<u><b>(6,352)</b></u>

- (i) Some of the University's land and buildings have been reclassified as an investment property under FRS102 and are held in the financial statements at fair value and are not depreciated. The difference between fair value and cost to 31 July 2014 has been debited to the income and expenditure reserve – unrestricted and the accumulated depreciation to 31 July 2014 has been reversed and credited to the income and expenditure reserve – unrestricted.

The Balance sheet at 31 July 2015 has been restated to reflect this change.

## NOTES TO THE ACCOUNTS

- (ii) The University has adopted the performance method of accounting for grants and therefore under FRS 102 the previous accounting treatment of them being capitalised and amortised over the remaining useful economic life of the relevant asset is no longer applicable. The grant has to be credited to the Comprehensive Income immediately the performance conditions have been met. The relevant deferred grants, where performance conditions have been met at 31 July 2014 have therefore been credited to the income and expenditure reserve – unrestricted.

The Balance sheet at 31 July 2015 has also been restated to reflect this change.

- (iii) The adoption of the performance method under FRS102 has the impact of reducing income, the income and expenditure account has been restated removing the release of the capital grant that was released under the old UK GAAP accounting This has been reversed and adjusted through the income and expenditure reserve – unrestricted.
- (iv) Endowments assets have been reclassified and are now shown by their assets class.
- (v) Under FRS 102, some of the university's land and buildings have been reclassified as an investment property, which is not depreciated, the income and expenditure account has been restated removing the depreciation £95,000 and this has been reversed and adjusted through the income and expenditure reserve – unrestricted. This has been replaced by the movement on fair value of the investment properties of £16,000.
- (vi) No provision for short term employment benefits, such as holiday pay was made under the previous UK GAAP. Under FRS102 the costs of short term employee benefits are recognised as a liability and an expense. The cost of any used entitlement at 31 July 2015 is recognised in the period in which the employee's service was received. An accrual of £1,410,000 was recognised at 31 July 2014 and £1,519,000 at 31 July 2015. The movement of £109,000 has been charged to the Statement of Comprehensive Income in the year ended 31 July 2015
- (vii) The net pension finance cost recognised in the income and expenditure account for the year ended 31 July 2015 under previous UK GAAP was the net of the expected return on the pension plan assets and the interest on the pension liabilities. Under FRS102 the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the discount rate. The change has no impact on the net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year, £937,000 for the year ended 31 July 2015, has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

The University participates in the Universities Superannuation Scheme (USS) and under FRS102 the University is expected to recognise its obligations under the scheme through its balance sheet and the Statement of Comprehensive income. The impact of this is that the balance sheet at 1 August 2014 has been restated to recognise the liability by £1,558,000 and for the year ended 31 July 2015 the University had to recognise an expense of £2,815,000, as the liability increased to £4,373,000.

- (viii) Actuarial gains and losses on the group's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses, a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

## NOTES TO THE ACCOUNTS

## CONSOLIDATED

	Notes	1 August 2014			31 July 2015		
		2007 SORP £'000	Effect of transition FRS 102 £'000	FRS 102 £'000	2007 SORP £'000	Effect of transition FRS 102 £'000	FRS 102 £'000
<b>Non-current assets</b>							
Fixed Assets	(i)	132,870	(6,403)	126,467	135,662	(6,103)	129,559
Heritage Assets		5,991	0	5,991	5,991	0	5,991
Investment properties	(i)	0	5,464	5,464	0	5,799	5,799
Investments		<u>181</u>	<u>0</u>	<u>181</u>	<u>564</u>	<u>0</u>	<u>564</u>
Endowments	(iv)	<u>9,143</u>	<u>(9,143)</u>	<u>0</u>	<u>9,099</u>	<u>(9,099)</u>	<u>0</u>
<b>Current assets</b>							
Stock		245	0	245	418	0	418
Trade and other debtors		11,192	0	11,192	9,364	0	9,364
Investments	(iv)	10,601	7,968	18,569	10,825	7,749	18,574
Cash and cash equivalents	(iv)	35,348	1,175	36,523	25,139	1,430	26,569
Less: Creditors: amounts falling due within one year	(vi)	<u>(17,227)</u>	<u>(2,251)</u>	<u>(19,478)</u>	<u>(12,730)</u>	<u>(2,573)</u>	<u>(15,303)</u>
Net current (liabilities)/assets		<u>40,159</u>	<u>6,892</u>	<u>47,051</u>	<u>33,016</u>	<u>6,606</u>	<u>39,622</u>
Total assets less current liabilities		188,344	(3,190)	185,154	184,332	(2,797)	181,535
Creditors: amounts falling due after more than one year		0	0	0	0	(283)	(283)
Provisions for liabilities and charges		(4,433)	0	(4,433)	(3,996)	0	(3,996)
Pension Liability	(vii)	<u>(22,574)</u>	<u>(1,558)</u>	<u>(24,132)</u>	<u>(27,623)</u>	<u>(4,373)</u>	<u>(31,996)</u>
Total net assets		<u>161,337</u>	<u>(4,748)</u>	<u>156,589</u>	<u>152,713</u>	<u>(7,453)</u>	<u>145,260</u>
Deferred grants	(ii)	36,716	(36,716)	0	35,649	(35,649)	0
Endowment funds	(iv)	9,143	(9,143)	0	9,099	(9,099)	0
Revaluation reserve		43,494	(131)	43,363	42,850	(146)	42,704
<b>Restricted Reserves</b>							
Income and expenditure reserve-endowment reserve	(iv)	0	9,121	9,121	0	9,099	9,099
<b>Unrestricted Reserves</b>							

## NOTES TO THE ACCOUNTS

Income and expenditure reserve - unrestricted	71,984	32,121	104,105	65,115	28,342	93,457
Total Reserves	161,337	(4,748)	156,589	152,713	(7,453)	145,260

## Reconciliation of surplus for 2015

		31 July 2015		
		2007 SORP	Effect of transition to FRS 102	FRS 102
Income	(iv)	104,600	(1,309)	103,291
Expenditure	(v) to (vii) & (ix)	<u>(104,168)</u>	<u>(6,109)</u>	<u>(110,277)</u>
Surplus/(Deficit) before tax		432	(7,418)	(6,986)
Operating Loss in associate		(173)	0	(173)
Disposal of fixed assets		5	0	5
Loss on Investments		0	(27)	(27)
Increase in fair value of investment properties	(v)	0	97	97
Restructuring costs	(ix)	(1,995)	1,995	0
Taxation		<u>(12)</u>	<u>0</u>	<u>(12)</u>
(Deficit) for the year		(1,743)	(5,353)	(7,096)
Actuarial (loss) in respect of pension schemes	(viii)	<u>0</u>	<u>(4,234)</u>	<u>(4,234)</u>
Total Comprehensive Income for the year		<u>(1,743)</u>	<u>(9,587)</u>	<u>(11,330)</u>

- (i) Some of the group's land and buildings have been reclassified as an investment property under FRS102 and are held in the financial statements at fair value and is not depreciated. The difference between fair value and cost to 31 July 2014 has been debited to the income and expenditure reserve – unrestricted and the accumulated depreciation to 31 July 2014 has been reversed and credited to the income and expenditure reserve – unrestricted.

The Balance sheet at 31 July 2015 has also been restated to reflect this change.

- (ii) The group has adopted the performance method of accounting for grants and therefore under FRS 102 the previous accounting treatment of them being capitalised and amortised over the remaining useful economic life of the relevant asset is no longer applicable. The grant has to be credited to the Comprehensive Income immediately the performance conditions have been met. The deferred grants at 31 July 2014 have therefore been credited to the income and expenditure reserve – unrestricted.

The Balance sheet at 31 July 2015 has been restated to reflect this change.



## NOTES TO THE ACCOUNTS

- (iii) The adoption of the performance method under FRS102 has the impact of reducing income, the income and expenditure account has been restated removing the release of the capital grant that was released under the old UK GAAP accounting This has been reversed and adjusted through the income and expenditure reserve – unrestricted
- (iv) Endowments assets have been reclassified and are now shown by their assets class.
- (v) Under FRS 102, some of the university's land and buildings have been reclassified as an investment property, which is not depreciated, the income and expenditure account has been restated removing the depreciation £144,000 and this has been reversed and adjusted through the income and expenditure reserve – unrestricted. This has been replaced by the movement on fair value of the investment properties of £97,000.
- (vi) No provision for short term employment benefits, such as holiday pay was made under the previous UK GAAP. Under FRS102 the costs of short term employee benefits are recognised as a liability and an expense. The cost of any used entitlement at 31 July 2015 is recognised in the period in which the employee's service was received. An accrual of £2,251,000 was recognised at 31 July 2014 and £2,377,000 at 31 July 2015. The movement of £126,000 has been charged to the Statement of Comprehensive Income in the year ended 31 July 2015.
- (vii) The net pension finance cost recognised in the income and expenditure account for the year ended 31 July 2015 under previous UK GAAP was the net of the expected return on the pension plan assets and the interest on the pension liabilities. Under FRS102 the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the discount rate. The change has no impact on the net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year, £1,531,000 for the year ended 31 July 2015, has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.  
  
The University participates in the Universities Superannuation Scheme (USS) and under FRS102 the University is expected to recognise its obligations under the scheme through its balance sheet and the Statement of Comprehensive income. The impact of this is that at 1 August 2014 has been restated increasing the liability by £1,558,000 and for the year ended 31 July 2015 the University had to recognise an expense of £2,815,000.
- (viii) Actuarial gains and losses on the group's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses, a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.
- (ix) The restructuring costs refer to staff restructuring under taken during the year ended 31 July 2015 and under the old UK GAAP accounting had been shown as an exceptional item, this has now been included in expenditure as fundamental restructuring cost.

