

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Financial Statements

31 July 2012

**Mazars LLP
Bristol**

REPORT AND FINANCIAL STATEMENTS 2012

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MEMBERS

Dr Geoffrey Thomas (Chair)
Prof Medwin Hughes (Vice-Chancellor)
The Venerable Randolph Thomas (Vice-Chair)
Ms Maria Jones
Mr Lewis Evans
Mr Anthony Jenkins
Mr Eifion Griffiths
Dr John Walters
Mr Andrew Curl
Mr Gordon Llewellyn
Mr Peter Bosley
The Venerable Dr William Strange
Revd. Bill Fillery
Dr Ann Rhys
Mr Mark James
Mr Michael McGrane
Mrs Virginia Isaac
Professor Cecilia Crighton
Mrs Rosemund Nelson
Professor Gareth Jones (appointed 16 December 2011)
Mr Gareth Harries (appointed 16 December 2011)
Ms Sian Wyn Siencyn
Mr Ceredig Emanuel
Ms Sally Wilkinson (resigned 27 April 2012)
Mr Cen Powell
Mrs Conny MateraRogers
Mr Gwyndaf Tobias
Mr Ricky Miller (Student President resigned 29 June 2012)
Mr Mattias Eken, (Student President appointed 01 July 2012)

PROFESSIONAL ADVISERS

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

BANKERS

Barclays Bank Plc

OPERATING AND FINANCIAL REVIEW

Operating and Financial Review 2011-12

Scope of the Financial Statements

The accounts of University of Wales: Trinity Saint David comprise the following elements:

University of Wales: Trinity Saint David

Trinity College

Trinity University College Limited

Eclectica Drindod Ltd

Legal Status

The University of Wales: Trinity Saint David 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.

The Trinity College Charity 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.

The Trinity University College Limited the operational activities of Trinity University College Limited, excluding staffing, were transferred on merger to University of Wales: Trinity Saint David.

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 University of Wales: Trinity Saint David.

Principles Underlying the Operating and Financial Review

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.

As a community university, the institution has been acutely aware of its role as a key agent for lifelong learning. The current strategic plan confirms the role of the institution as it develops a range of strategies to support various Welsh Government policies. In doing so, it articulates the core *raison d'être* of the institution as a community University institution, that makes an effective contribution to the economic, social, cultural and spiritual prosperity of Wales. The confidence of the institution in its academic provision and its strategic relevance for Wales is based upon an evolving programme of change, ever refining the purpose and significance of its educational provision. The University's vision is to develop a high quality, distinctive higher education provision. Both teaching and research will be of national significance, attracting students and staff as a result of the acknowledged expertise within subject areas. Programmes at undergraduate and postgraduate level will be responsive to and reflective of current specialist areas of cultural and professional development in West Wales.

Preparation of the financial statements

The financial statements for the year to 31 July 2012 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and the accounts direction issued by the Higher Education Funding Council for Wales.

OPERATING AND FINANCIAL REVIEW

Financial Health

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

- maintaining a sufficient level of surplus to facilitate investment in the University estate, in order to both ensure fitness for purpose and to meet the increasing demands of its clients;
- being pro-active in responding to potential reductions in core funding from HEFCW following the implementation of Fee Plans during 2011;
- responding to the changing context in Wales in terms of the “For Our Future” agenda;
- further diversification of income streams;
- robustly managing increases in pension costs.

Results for the year

The University’s financial performance for the year to 31 July 2012 is summarised as follows:

	2011/12	2010/11
	£’000	£’000
Income	37,090	34,452
Expenditure	(35,648)	(32,633)
Exceptional items	(0)	(1,464)
Taxation	(7)	0
Transfers	<u>29</u>	<u>63</u>
Surplus	<u>1,464</u>	<u>418</u>

It is pleasing to report that the University recorded a surplus for the year retained within General Reserves of £1,464,000. This continues the trend of strong financial performance experienced in recent years, and is reflective of the University’s financial control environment. This result encompasses all of the University’s activities, other than the Students’ Union which is an independent body.

The results for the year are consistent with management’s expectations and the University’s strategic aims to deliver operational surpluses and an improved cash position to allow further capital investment over the strategic planning cycle.

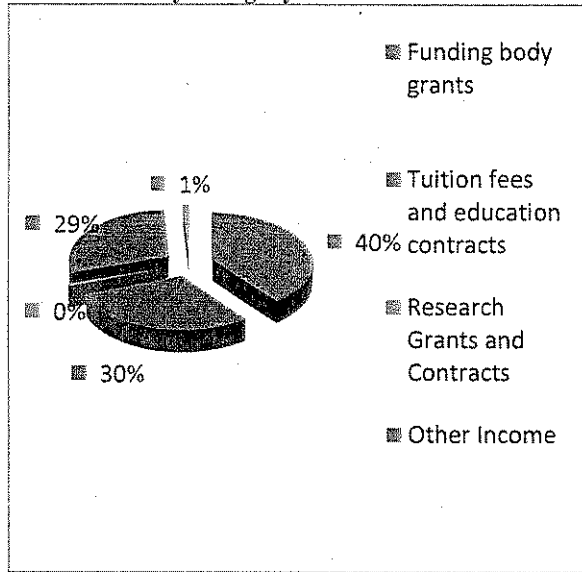
Income

The University’s total income for the year amounted to £37.1 million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £14.7million which represented 39.6% of total income for the year.

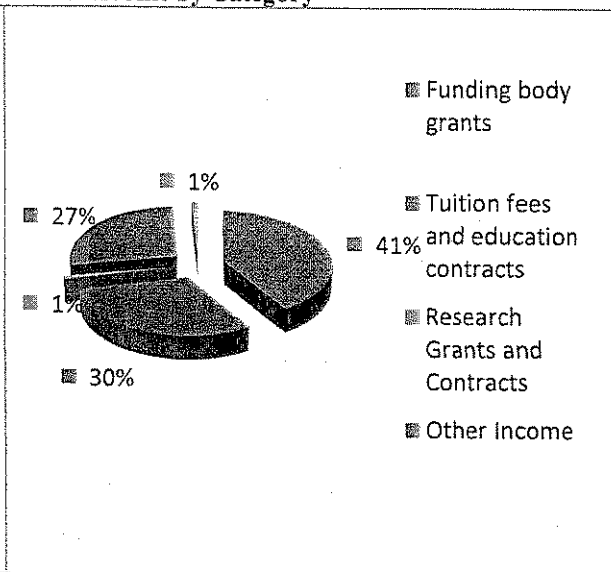
Tuition Fees and Education Contracts income amounted to £11.0 million which represented 29.6% of total income for the year.

OPERATING AND FINANCIAL REVIEW

2012 Income by Category



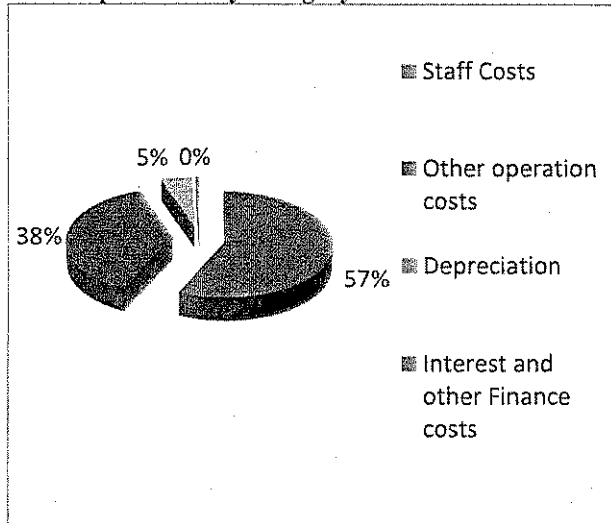
2011 Income by Category



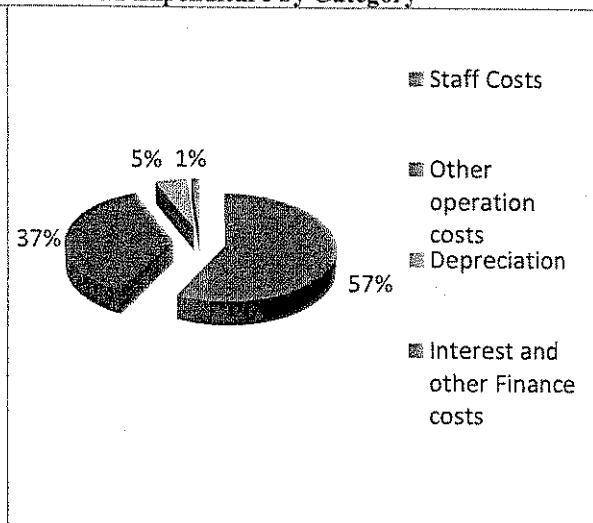
Expenditure

Staffing costs represented 54.7% of total income for the year (56.9% of total expenditure). Other operating costs for the year were £13.4million.

2012 Expenditure by Category



2011 Expenditure by Category



Balance Sheet

The Balance Sheet discloses a net current assets position of £6.5 million as at 31 July 2012. This follows a strong income and expenditure account result for the year with modest capital expenditure from core funds. As a result, the University's cash position remains at a level which is commensurate with the institution's financial strategy.

Cash Flow

The University had a net cash inflow from operating activities of £1.5 million and a total cash outflow of £5.2 million due to the significant investment in the campus environment. The Arts Hall, Sports Centre, Canterbury Building and All Weather Pitch improvements on the Lampeter campus, together with improvements to student accommodation and the new Learning and Teaching building on the Carmarthen campus have been partly funded from the University's reserves and funds received from the Higher Education Funding Council for Wales.

OPERATING AND FINANCIAL REVIEW

Treasury Management

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. The University's short term deposits are managed by Tradition UK Ltd, the performance of which is monitored by the Finance & Strategic Planning Committee. At 31 July 2012, the University held short term deposits and cash of £16.6 million.

Liquidity

The University's liquidity levels remain acceptable with a current ratio of 1.50 as at 31 July 2012.

The value of endowment asset investments is substantial, at £7.2 million. The market value of the portfolios has decreased over the year reflecting the difficult period for global equity markets. The University's policy remains one of investment over the long term, having regard to income and capital growth and this policy and the University's performance are kept under review by the Investment Committee.

The level of external borrowing at 31 July 2012 stood at £0.6 million. This is in accord with University policy of reducing indebtedness and not undertaking any capital investment of the estate, unless it can be funded from sources other than external borrowing.

Creditors due within one year amount to £13.2 million and included £6.0 million grants received in advance. There has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

The FRS17 deficit in the local in-house final salary pension scheme has increased during the year, from £3.7 million to £4.6 million. The increased deficit has principally been driven by a change in financial and demographic assumptions compared to 2011.

The Local Government Pension Scheme, which is administered on behalf of the University by Carmarthenshire County Council, is a final salary pension scheme, the deficit has increased during the year from £3.7 million to £5.1 million due to net losses of £1.2 million.

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

Creation of a new university

On the 28 September 2012 the University received the Supplemental Charter and Statutes which finalised the merger between the University of Wales: Trinity Saint David, and Swansea Metropolitan University. Her Majesty's Privy Council gave its approval for the merger in July 2012. The Lord Chancellor subsequently applied the Great Seal to the new Charter, which extends the Royal Charter that established the University of Wales Lampeter in 1822.

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

OPERATING AND FINANCIAL REVIEW

A new Wales university education

The governing bodies of Coleg Sir Gâr, Coleg Ceredigion and University of Wales: Trinity Saint David are proposing a merger of Coleg Sir Gâr and Coleg Ceredigion into the University of Wales: Trinity Saint David Group. This merger is being proposed from a position of strength, with the institutions having very good quality profiles and sound financial health.

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

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 I am pleased to report that risk management procedures are in place and a risk register has been developed in accordance with best practice.

Public Benefit Statement

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. This statement has been included in anticipation of a formal reporting requirement likely to be introduced by The Charity Commission as the principal regulator of Welsh higher education institutions under the Charities Act 2006.

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 Mission Statement is:

“excellence in education – delivered with distinction”

The priority aims for the University are to be an institution:

- which delivers high quality higher education and research and contributes to the economic, social and cultural prosperity of its region and the UK more broadly through offering a distinctive and progressive portfolio of strong academic activity;
- which is regarded as a hub for the development of higher level skills and workforce re-skilling within south west and mid-Wales;
- which has a clear international profile as it develops international excellence in research and teaching networks;
- that is committed to the bilingual agenda; and
- that celebrates its strong and vibrant academic and cultural heritage

OPERATING AND FINANCIAL REVIEW

Key Activities

Future activities are focused on the following areas:

Achieving excellence in learning & teaching

Providing distinctive, relevant research, learning, and employment led opportunities that are based upon academic excellence.

Achieving excellence in research

To be recognised as a research centred university that offers added value across a specific range of subject areas.

Providing a high quality student experience

To be recognised as a student centred university that offers high quality educational experiences.

Investing in its Staff

Providing an environment where staff are valued and their professional and personal development is supported.

Establishing an international profile

Providing a distinctive international character to the University through the establishment of a range of strategic partnerships in the UK and overseas.

Developing the Knowledge Economy

To be recognised as a regional university that offers a distinctive range of professional skills that enhances innovation and promotes the knowledge based economy.

Promoting social justice, inclusion and access

To be recognised as a distinctive university that offers relevant opportunities to promote social justice, inclusion and access.

Promoting bilingualism and cultural distinctiveness

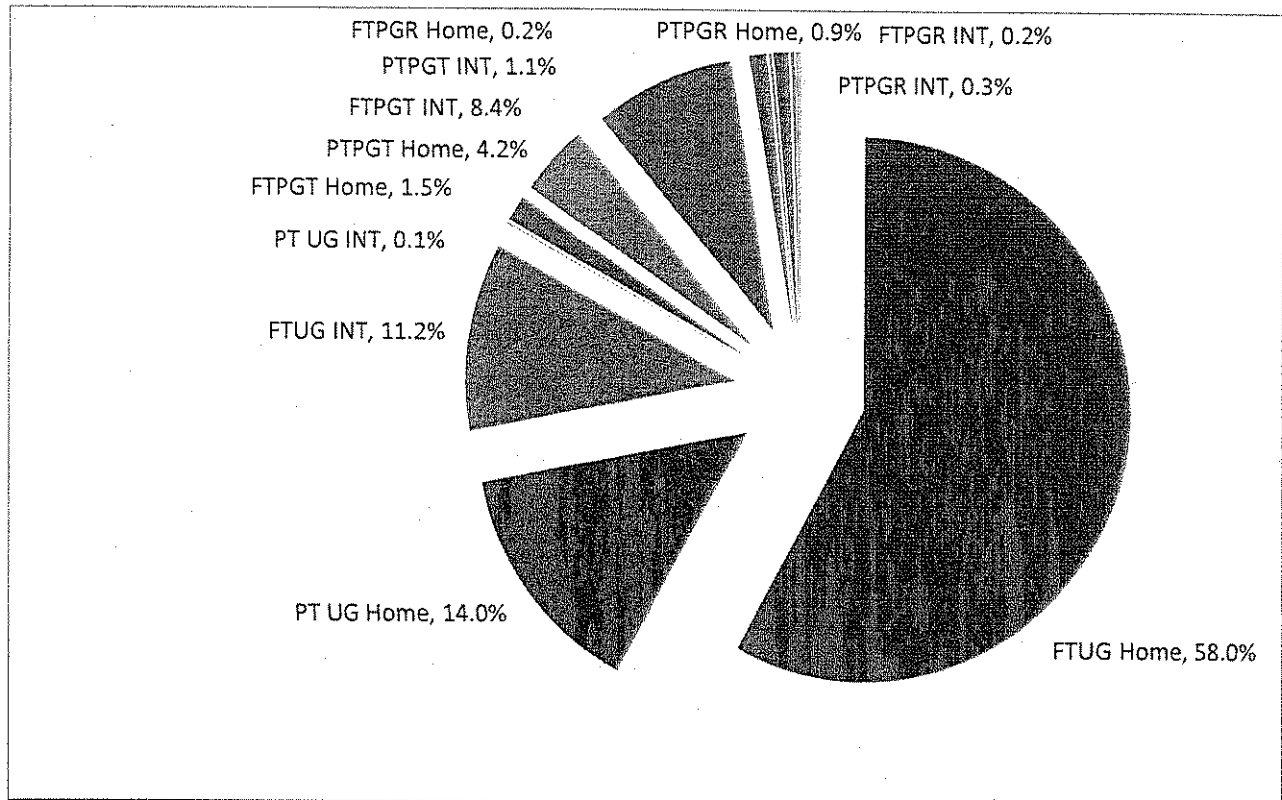
To be recognised as a national university of Wales offering bilingual opportunities to celebrate linguistic and cultural distinctiveness.

Promoting regionalism and institutional sustainability

To establish a regional Higher Education confederation in South West Wales that delivers a sustainable future for the provision of higher education through Trinity Saint David.

OPERATING AND FINANCIAL REVIEW

Student Numbers



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 Carmarthen and Lampeter, whatever their background.

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.

OPERATING AND FINANCIAL REVIEW

Environmental sustainability policy

Sustainability needs to be 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. In 2010/11 the University of Wales: Trinity Saint David created - INSPIRE (Institute for Sustainable Practice, Innovation and Resource Efficiency) - led by Jane Davidson.

During 2011/12 INSPIRE has supported 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.

Tuition Fees

During 2011/12 the University published its Fee plan for 2013/14 with a full time undergraduate tuition fee of £7,500 being announced.

Academy of Voice

The University of Wales: Trinity Saint David International Academy of Voice was launched in June 2011 by Dame Kiri Te Kanawa. During 2011/12, the Academy, under the directorship of Welsh tenor Dennis O'Neill CBE, one of the world's leading operatic tenors, welcomed its first cohort of students. Young opera singers from all over the world came to receive conservatoire training from the Academy's Director Dennis O'Neill and the team of professional staff and visiting lecturers. The highlight of the calendar was a concert held in the Millennium Centre, Cardiff, during which time the students were able to share the stage with Dame Kiri Te Kanawa, who is also the Academy's Patron, Welsh favourite Max Boyce, as well as other professional artistes.

The University of Wales: Trinity Saint David has developed a reputation for its bilingual education and training within the creative and performing arts. The establishment of the Academy with Dennis O'Neill as director and Dame Kiri Te Kanawa as honorary president attests to its strong commitment to the development of the arts in Wales.

TSD London

In March 2012 the University opened the doors on its London Campus. TSD London will provide a range of MBA and PhD programmes in the field of Business and Management to international students in the heart of the UK's capital city.

Quality Assurance Agency

The University was delighted to note the positive outcome of the Institutional Review conducted by the Quality Assurance Agency following their visit in June. The Agency noted that it had full confidence in the University's management of academic quality and standards in all aspects of its work.

OPERATING AND FINANCIAL REVIEW

Conclusion

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

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

The financial challenges of 2011/12 are likely to continue into 2012/13 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.

Dr. Geoffrey Thomas

Chair of University Council

CORPORATE GOVERNANCE

Introduction

The University aspires to high standards of corporate governance. Although the University, as a corporation founded by Royal Charter with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. This summary describes the manner in which the University has applied the principles set out in the Committee of University Chairs Governance Code of Practice published during 2009.

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's ongoing risks; that this has been in place for the year ended 31 July 2012 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 13. 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 2011/12 are:-

- **Finance & Strategic Planning Committee**
The Finance & Strategic Planning Committee reports to the Council as to the financial affairs of the University and monitors performance in particular with regard to the allocation of funds, budgets, long term forecasts and the Annual Financial Report.
- **Corporate Governance & Nominations**
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (President, Vice-President and Treasurer).
- **Senior Remuneration**
The Senior Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Professors and Grade VI administrative staff.

CORPORATE GOVERNANCE

- **Audit & Risk Management**

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

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

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

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

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

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

Internal Control

The Council is responsible for taking reasonable steps to ensure that there are appropriate financial and management controls in place. The Audit & Risk Management Committee has specific authority delegated by the Council to review internal control matters on its behalf and to report to Council its recommendations on these matters.

The Audit & Risk Management Committee exercises its responsibilities, inter alia, through reviewing the arrangements for internal and external audit as well as receiving reports from the executive management on specific subjects requested by the Committee.

Internal audit undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit & 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.

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 show a true and fair view.

RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

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

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

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

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

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

- ensure that funds from the Higher Education Funding Council for Wales (HEFCW) are used only for the purposes for which they have been given and in accordance with the financial memorandum with the HEFCW and any other conditions which the HEFCW may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

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

Professor M Hughes

Vice Chancellor

Dr. Geoffrey Thomas

Chair of University Council

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIVERSITY OF WALES TRINITY SAINT DAVID

We have audited the financial statements' of University of Wales: Trinity Saint David for the year ended 31 July 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Respective responsibilities of the Council and auditors

The Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) is set out in the Statement of the Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Council of the Institution in accordance with the Charters and Statutes of the Institution and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education and United Kingdom Generally Accepted Accounting Practice.

We report to you whether in our opinion, in all material respects, funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, managed in accordance with relevant legislation and any other terms and conditions attached to them and whether in our opinion, in all material respects, funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales.

We report to you if, in our opinion, the information given in the Operating and Financial Review is not consistent with those financial statements, if the Institution has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises only the items listed in the contents section of the Operating and Financial Review.

We also review the statement of internal control included as part of the Statement of the Councils Responsibilities and comment if the statement is inconsistent with our knowledge of the Institution. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the Institution's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2012, and of the Institution's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them; and

in all material respects, income has been applied in accordance with the Institution's Statutes and funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales and any other terms and conditions attached to them.

Mazars LLP
Chartered Accountants
and Statutory Auditors
Bristol

Date: *21/12/12*

2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2012

	Note	2012	2011
		£ '000	£ '000
INCOME			
Funding Council Grants	2	14,714	14,100
Tuition fees and education contracts	3	10,975	10,468
Research grants and contracts	4	199	266
Other operating income	5	10,818	9,273
Endowment and investment income	6	384	345
Total income		<u>37,090</u>	<u>34,452</u>
EXPENDITURE			
Staff costs	7	20,303	18,687
Other operating costs	8	13,393	11,903
Depreciation		1,783	1,664
Interest payable	9	169	379
Total expenditure		<u>35,648</u>	<u>32,633</u>
Surplus before exceptional items		1,442	1,819
Exceptional items: continuing operations			
Fundamental restructuring costs	7	<u>0</u>	<u>(1,464)</u>
Surplus on continuing operations after depreciation of assets and before tax	10	1,442	355
Taxation		<u>(7)</u>	<u>0</u>
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		1,435	355
Surplus/(Deficit) for the year transferred to accumulated income in specific endowments		<u>29</u>	<u>63</u>
Surplus for the year retained in general reserves		<u><u>1,464</u></u>	<u><u>418</u></u>

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2012

	2012	2011
	£ '000	£ '000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	1,435	355
Actuarial gain\ (loss) on Pension Scheme	(2,381)	1180
Movement in endowment asset investments	(965)	332
New endowments	0	52
	<u> </u>	<u> </u>
Total recognised (losses)/gains related to the year	<u>(1,911)</u>	<u>1,919</u>
RECONCILIATION		
Opening reserves and endowments	19,791	17,872
	<u> </u>	<u> </u>
Total recognised gains/(losses) for the year	<u>(1,911)</u>	<u>1,919</u>
	<u> </u>	<u> </u>
Closing reserves and endowments	<u>17,880</u>	<u>19,791</u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2012

	Note	Consolidated		University of Wales: Trinity Saint David	
		2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
FIXED ASSETS					
Tangible assets	12	28,180	23,454	15,466	12,376
Heritage Assets	12	5,955	5,655	5,955	5,655
Works of art	13	36	36	0	0
Investments	14	0	0	0	0
		<u>34,171</u>	<u>29,145</u>	<u>21,421</u>	<u>18,031</u>
ENDOWMENT ASSETS	15	<u>7,165</u>	<u>8,131</u>	<u>6,845</u>	<u>7,811</u>
CURRENT ASSETS					
Stocks	16	63	73	63	73
Debtors	17	3,006	3,773	10,538	9,376
Short-term deposits		2,405	0	0	0
Cash at bank and in hand		14,201	19,652	13,032	14,150
		<u>19,675</u>	<u>23,498</u>	<u>23,633</u>	<u>23,599</u>
CREDITORS: amounts falling due within one year	18	<u>(13,161)</u>	<u>(17,016)</u>	<u>(16,821)</u>	<u>(17,119)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>6,514</u>	<u>6,482</u>	<u>6,812</u>	<u>6,480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>47,850</u>	<u>43,758</u>	<u>35,078</u>	<u>32,322</u>
CREDITORS: amounts falling due after more than one year	19	(259)	(606)	(259)	(606)
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(1,334)</u>	<u>(1,808)</u>	<u>(1,334)</u>	<u>(1,669)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>46,257</u>	<u>41,344</u>	<u>33,485</u>	<u>30,047</u>
Pension Liability		<u>(9,980)</u>	<u>(7,407)</u>	<u>(4,915)</u>	<u>(3,727)</u>
		<u><u>36,277</u></u>	<u><u>33,937</u></u>	<u><u>28,570</u></u>	<u><u>26,320</u></u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2012

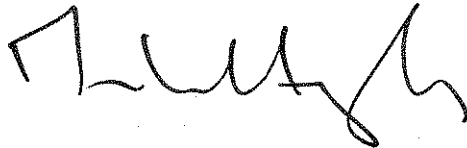
(Continued)

Deferred capital grants	21	<u>12,192</u>	<u>8,241</u>	<u>7,621</u>	<u>5,537</u>
Endowment funds					
Permanent	22	<u>7,165</u>	<u>8,131</u>	<u>6,845</u>	<u>7,811</u>
RESERVES					
Revaluation Reserve		<u>5,955</u>	<u>5,655</u>	<u>5,955</u>	<u>5,655</u>
Income and Expenditure account excluding pension reserve	23	20,945	19,317	13,064	11,044
Pension reserve	23	<u>(9,980)</u>	<u>(7,407)</u>	<u>(4,915)</u>	<u>(3,727)</u>
TOTAL RESERVES		<u>10,965</u>	<u>11,910</u>	<u>8,149</u>	<u>7,317</u>
		<u>36,277</u>	<u>33,937</u>	<u>28,570</u>	<u>26,320</u>

These financial statements were approved and authorised for issue by the governors on

19 December 2012

Vice Chancellor



Chairman



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2012

	Note	2012 £ '000	2011 £ '000
Net cash inflow from operating activities	24	1,550	5,029
Returns on investments and servicing of finance	25	375	330
Taxation		(7)	0
Capital expenditure and financial investment	26	(4,817)	(3,011)
Management of liquid resources	27	(1,843)	1,445
Net cash (outflow)/inflow before financing		<u>(4,742)</u>	<u>3,793</u>
Financing activities	28,30	<u>(430)</u>	<u>(430)</u>
(Decrease)/Increase in cash in the year	29,30	<u><u>(5,172)</u></u>	<u><u>3,363</u></u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Accounts direction issued by the Higher Education Funding Council; the Statement of Recommended Practice Accounting for Further and Higher Education Institutions, and applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of consolidation

The consolidated financial statements include the University, Trinity College Charity, the Foundation, and the subsidiary companies. Intra entity transactions and balances are eliminated fully on consolidation.

The University of Wales: Trinity Saint David was formed on 18 November 2010 following the merger of University of Wales, Lampeter and Trinity University College, Carmarthen. Using merger accounting in accordance with FRS6 the new University adopted the charter of the University of Wales, Lampeter.

Recognition of income

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

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

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

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

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

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2012****Fixed assets**

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

Stocks

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

Depreciation

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

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

Investments

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

Current asset investments are shown at market value.

Heritage Assets / Works of Art

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

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

Endowment funds

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

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

Total return on investment for permanent endowments

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2012**

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

Pensions

University academic staff are members of the Teachers' Pension Scheme and Universities Superannuation Scheme. The University contributed 14.1% of academic employees' gross pay for TPS and 16% for USS. Employees' own contributions to this scheme are deducted from their salaries and paid over to the fund by the University. Administrative non-academic staff are either members of the Dyfed Pension Fund, the University contributed 15.3% of their gross pay to 31 March 2012 and 17.5% from 1 April 2012, or UWL Pension & Assurance Scheme for non-academic staff appointed before 12th February 2007, the University contributed 19.45% of their gross pay, or, the Universities Superannuation Scheme. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Pension payments are made by the University to staff who have taken early retirement. Full provision for the expected costs of such payments is made in the year of retirement.

Leases

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

Taxation

As an exempt charity, the University benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

Hardship funds

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

	2012 £ '000	2011 £ '000
2. FUNDING COUNCIL GRANTS		
HEFCW Recurrent Grants	10,499	11,262
HEFCW Specific Grants	3,325	1,895
Release from Deferred Grants	845	857
FEFCW Recurrent Grants	45	86
	<u>14,714</u>	<u>14,100</u>
3. TUITION FEES		
Full Time Students (UK and EU)	8,667	7,106
Full Time Students (Non EU)	1,340	2,572
Part Time Students	968	790
	<u>10,975</u>	<u>10,468</u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	42	266
UK Based Charities	157	0
	<u>199</u>	<u>266</u>
5. OTHER OPERATING INCOME		
Catering and residence operations	4,979	4,334
EU Grants	1,639	1,351
Other income generating activities	4,167	3,555
Deferred Capital Grant released in year- Buildings	33	33
	<u>10,818</u>	<u>9,273</u>
6. INVESTMENT INCOME		
Bank and other interest received	116	91
Income from permanent endowments (note 22)	268	254
	<u>384</u>	<u>345</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

7. STAFF NUMBERS AND COSTS

	2012	2011
The average monthly number of persons employed by the University during the year was	FTE	No.
Academic Departments	259	308
Non-Academic Departments	272	381
	<u>531</u>	<u>689</u>
	2012	2011
	£ '000	£ '000
Staff costs for the above persons		
Teaching departments	11,406	10,145
Academic services	1,433	1,992
Administration and central services	5,410	5,552
Premises	1,400	1,301
Catering and residence	654	1,161
	<u>20,303</u>	<u>20,151</u>
Wages and salaries	16,655	16,471
Social security costs	1,288	1,260
Other pension costs	2,360	2,420
	<u>20,303</u>	<u>20,151</u>
Less: exceptional amount due to restructuring	0	(1,464)
	<u>20,303</u>	<u>18,687</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

7. STAFF NUMBERS AND COSTS (continued)

Remuneration of higher paid staff, excluding employer's pension contributions:

	2012 No.	2011 No.
£100,000 - £109,999	1	-
£110,000 - £119,999	1	1
£120,000 - £129,999	-	-
£130,000 and above	-	-

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

	2012 £ '000	2011 £ '000
Salary	192	167
Benefits in kind	14	14
	206	181
Pension contributions	26	26

8. OTHER OPERATING COSTS

	2012 £ '000	2011 £ '000
Teaching departments	2,655	1,933
Academic Services	1,518	1,041
Administration and central services	5,942	5,629
Premises	2,667	1,969
Catering and residences	558	1,268
External auditors remuneration-audit services	36	36
External auditors remuneration-non audit services	1	0
Internal Audit	16	27
	13,393	11,903

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

9. INTEREST PAYABLE

	2012 £ '000	2011 £ '000
On bank loans, overdrafts and other loans		
Repayable in more than five years	9	15
Net charge on pension scheme	160	364
	<u>169</u>	<u>379</u>

10. SURPLUS ON CONTINUING OPERATIONS BEFORE TAX

	2012 £ '000	2011 £ '000
The surplus on continuing operations before tax is after charging		
Depreciation - owned assets	1,782	1,664
Auditors' remuneration - external audit	36	36
	<u>1,818</u>	<u>1,700</u>

11. TAXATION

The members do not believe the University was liable for any corporation tax arising out of the activities during the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

12. TANGIBLE FIXED ASSETS

Consolidated	Freehold land and buildings	Freehold Buildings under construction	Equipment, fixtures and fittings	Motor vehicles	Heritage Assets	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or Valuation						
At 1 August 2011	32,766	416	10,882	36	5,655	49,755
Additions in the year	2,416	3,723	370	0	0	6,509
Disposals in the year	0	0	(6)	0	0	(6)
Revaluation	0	0	0	0	300	300
At 31 July 2012	35,182	4,139	11,246	36	5,955	56,558
Accumulated depreciation						
At 1 August 2011	11,553	0	9,057	36	0	20,646
Charge for the year	912	0	871	0	0	1,783
Removed in the year	0	0	(6)	0	0	(6)
At 31 July 2012	12,465	0	9,922	36	0	22,423
Net book value						
At 31 July 2012	22,717	4,139	1,324	0	5,955	34,135
At 31 July 2011	21,213	416	1,825	0	5,655	29,109
University of Wales: Trinity Saint David						
Cost or Valuation						
At 1 August 2011	17,972	0	10,028	36	5,655	33,691
Additions in the year	2,380	1,771	370	0	0	4,521
Disposals in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	300	300
At 31 July 2012	20,352	1,771	10,398	36	5,955	38,512
Accumulated depreciation						
At 1 August 2011	7,378	0	8,246	36	0	15,660
Charge for the year	611	0	820	0	0	1,431
Removed in the year	0	0	0	0	0	0
At 31 July 2012	7,989	0	9,066	36	0	17,091
Net book value						
At 31 July 2012	12,363	1,771	1,332	0	5,955	21,421
At 31 July 2011	10,594	0	1,782	0	5,655	18,031

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

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

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

13. WORKS OF ART

	Consolidated £ '000
Cost	
At 1 August 2011	36
Additions	0
	<hr/>
Balance at 31 July 2012	<u>36</u>

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

14. INVESTMENTS

	Consolidated		University of Wales Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
200 ordinary £1 shares – Welsh Networking Limited	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

15. ENDOWMENT ASSETS

Consolidated	2012	2011
	£ '000	£ '000
Balance at 1 August	8,131	7,530
New endowments	76	52
(Decrease)/Increase in market value of Investments	(967)	583
(Decrease)/Increase in cash balances held for endowments	(75)	(34)
Balance at 31 July	<hr/> 7,165 <hr/>	<hr/> 8,131 <hr/>
 University of Wales: Trinity Saint David	 2012	 2011
	£ '000	£ '000
Balance at 1 August	7,811	7,209
New endowments	76	52
(Decrease)/Increase in market value of Investments	(967)	583
(Decrease)/Increase in cash balances held for endowments	(75)	(33)
Balance at 31 July	<hr/> 6,845 <hr/>	<hr/> 7,811 <hr/>

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

16. STOCKS

	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Stocks and Stores	63	73	63	73

17. DEBTORS

	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
DUE WITHIN ONE YEAR				
Debtors for goods and services	1,104	1,733	1,045	1,718
Other debtors and prepaid expenditure	1,672	1,810	1,664	1,805
Amounts due from subsidiaries	0	0	3,978	2,002
	2,776	3,543	6,687	5,525
DUE AFTER ONE YEAR				
Trinity College	0	0	3,851	3,851
Other debtors	230	230	0	0
	3,006	3,773	10,538	9,376

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Bank overdraft	-	-	-	-
Bank loan (note 18)	348	431	348	431
Creditors for goods and services	1,658	1,999	1,640	1,980
Other creditors including tax and social security	478	323	182	60
Accruals and deferred income	4,639	3,667	3,976	3,422
Grants received in advance	6,038	10,596	6,038	10,216
Amounts due to subsidiaries	0	0	4,637	1,010
	13,161	17,016	16,821	17,119

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

Included within grants received in advance is £5,600K (2010/11 £ 10,216K) of monies received in respect of the merger from HEFCW. This amount is also reflected within the cash and bank figure shown within the accounts.

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

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

	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Bank loan	259	606	259	606

The bank loans are from Barclays Bank plc and HSBC plc and are secured by a first legal charge over certain properties. The bank loans are repayable by monthly instalments over a 15 year term and bear interest at 0.55% over Barclays base rate.

Consolidated:

The bank loans were entered into by Trinity College, Carmarthen Foundation Limited and University of Wales Lampeter, on merger the University of Wales, Lampeter loan was transferred to the new entity, University of Wales: Trinity Saint David.

The loan is repayable on demand but it is intended that it will be repayable over a term of 5 years and 11 months from the first drawing. Interest is charged at the rate of 0.75% over the bank's base rate.

The loan is secured by a fixed and floating charge including a legal charge on student accommodation blocks owned by Trinity College.

The bank loan is repayable as follows:

Due	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Within one year	348	431	348	431
After one year				
One to two years	259	348	259	348
Two to five years	0	258	0	258
After five years	0	0	0	0
	259	606	259	606
Total	607	1,037	607	1,037

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

20. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated

	Restructuring Provision £'000	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	485	38	1,285	1,808
Payments in year	(485)	0	(116)	(601)
Charge for the year	0	0	127	127
Balance at 31 July	0	38	1,296	1,334

University of Wales: Trinity Saint David

	Restructuring Provision £'000	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	346	38	1,285	1,669
Payments in year	(346)	0	(116)	(462)
Charge for the year	0	0	127	127
Balance at 31 July	0	38	1,296	1,334

The restructuring provision is the recognition of payments to be made to employees whose redundancy was confirmed before the year end. The pension rectification provision reflects part of the costs of undertaking a rectification action in relation to the University of Wales Lampeter Pension and Assurance Scheme and the enhanced pension provision is linked to the cost of early retirements agreed in previous years.

21. DEFERRED CAPITAL GRANTS

CONSOLIDATED	HEFCW £ '000	Other grants £ '000	Total £ '000
At 1 August			
Land and buildings	6,070	1,043	7,113
Equipment	1,128	0	1,128
Grants capitalised in year			
Land and buildings	4,759	0	4,759
Equipment	70	0	70
Released to income and expenditure account			
Land and buildings	(304)	(33)	(337)
Equipment	(541)	0	(541)
At 31 July			
Land and buildings	10,525	1,010	11,535
Equipment	657	0	657

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

21. DEFERRED CAPITAL GRANTS (continued)

UNIVERSITY OF WALES: TRINITY SAINT DAVID	HEFCW £ '000	Other grants £ '000	Total £ '000
At 1 August			
Land and buildings	3,642	814	4,456
Equipment	1,081	0	1,081
Grants capitalised in year			
Land and buildings	2,806	0	2,806
Equipment	70	0	70
Released to income and expenditure account			
Land and buildings	(223)	(28)	(251)
Equipment	(541)	0	(541)
At 31 July			
Land and buildings	<u>6,225</u>	<u>786</u>	<u>7,011</u>
Equipment	<u>610</u>	<u>0</u>	<u>610</u>

22. ENDOWMENTS

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

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2012 Total £ '000	2011 Total £ '000
Balance at 1 August					
Capital	1,065	3,567	4,632	4,632	3,998
Accumulated income	2,289	1,210	3,499	3,499	3,531
	<u>3,354</u>	<u>4,777</u>	<u>8,131</u>	<u>8,131</u>	<u>7,529</u>
New Endowments	0	0	0	0	52
Investment income	97	171	268	268	254
Awards and payments	(69)	(200)	(269)	(269)	(287)
(Decrease)/Increase in market value	(402)	(563)	(965)	(965)	583
	<u>2,980</u>	<u>4,185</u>	<u>7,165</u>	<u>7,165</u>	<u>8,131</u>
Balance at 31 July					
Represented by:					
Capital	663	3,005	3,668	3,668	4,632
Accumulated income	2,317	1,180	3,497	3,497	3,499

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

University of Wales: Trinity Saint
David

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2012 Total £ '000	2011 Total £ '000
Balance at 1 August					
-Capital	1,039	3,273	4,312	4,312	3,678
-Accumulated income	2,289	1,210	3,499	3,499	3,531
	<u>3,328</u>	<u>4,483</u>	<u>7,811</u>	<u>7,811</u>	<u>7,209</u>
New Endowments	0	0	0	0	52
Investment income	97	171	268	268	254
Awards and payments	(69)	(200)	(269)	(269)	(287)
(Decrease)/Increase in market value of investments	(402)	(563)	(965)	(965)	583
	<u>2,954</u>	<u>3,891</u>	<u>6,845</u>	<u>6,845</u>	<u>7,811</u>
Balance at 31 July					

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

23. ACCUMULATED FUND

	Consolidated		University of Wales: Trinity Saint David	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Balance brought forward (including pension)	11,910	10,342	7,317	4,315
Transfer of reserves on merger	0	0	0	2,761
	<u>11,910</u>	<u>10,342</u>	<u>7,317</u>	<u>7,076</u>
Net surplus for the year	1,464	418	2,032	302
Transfer to general endowments	(28)	(30)	(28)	(30)
Actuarial gain/(loss)	(2,381)	1,180	(1,172)	(31)
	<u>10,965</u>	<u>11,910</u>	<u>8,149</u>	<u>7,317</u>

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2012 £ '000	2011 £ '000
Surplus for the year	1,442	355
(Decrease)/Increase in provision for pensions/redundancies	(474)	261
Depreciation	1,783	1,664
Deferred capital grants released	(878)	(890)
Decrease in stocks	10	9
Decrease/(Increase) in debtors	767	1,832
(Decrease)/Increase in creditors	(1,170)	1,714
Interest paid	9	15
Interest received	(384)	(345)
Decrease in endowment net current assets	254	0
FRS 17 Adjustment	192	414
	<u>1,550</u>	<u>5,029</u>
Net cash inflow from operating activities		

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £ '000	2011 £ '000
Interest paid	(9)	(15)
Interest received	384	345
	<u>375</u>	<u>330</u>
Net cash outflow from returns on investments and servicing of finance	<u>375</u>	<u>330</u>

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £ '000	2011 £ '000
Purchase of tangible fixed assets	(6,509)	(3,421)
Capital grants received	2,227	1,014
Endowment assets acquired	(1,741)	(2,924)
New Endowment Received	0	52
Receipts from sale of endowments assets	1,206	2,268
	<u>(4,817)</u>	<u>(3,011)</u>
Net cash outflow from capital expenditure and financial investment	<u>(4,817)</u>	<u>(3,011)</u>

27. MANAGEMENT OF LIQUID RESOURCES

	2012 £ '000	2011 £ '000
Movement in short-term deposits	(1,843)	1,445

28. FINANCING

	2012 £ '000	2011 £ '000
Loan repayments	(430)	(430)
	<u>(430)</u>	<u>(430)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

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

	2012 £ '000	2011 £ '000
(Decrease)/Increase in cash	(5,172)	3,363
Cash flow from movement in liquid resources	1,843	(1,445)
Cash flow from decrease in debt	430	430
	<u>(2,899)</u>	<u>2,348</u>
Decrease in net debt		
Net cash at 1 August	19,821	17,473
Net cash at 31 July	<u>16,922</u>	<u>19,821</u>

30. ANALYSIS OF NET DEBT

	1 August 2011 £ '000	Change in year £ '000	31 July 2012 £ '000
Consolidated			
Cash at bank and in hand	19,652	(5,451)	14,201
Endowment cash held by University	562	279	841
Bank overdraft	0	0	0
	<u>20,214</u>	<u>(5,172)</u>	<u>15,042</u>
Short-term deposits	0	2,405	2,405
Endowment cash held by investment managers	644	(562)	82
Bank loan	(1,037)	430	(607)
	<u>19,821</u>	<u>(2,899)</u>	<u>16,922</u>

31. FINANCIAL COMMITMENTS

At 31 July 2012, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
In One Year or less	0	17	0	17
Between Two and Five Years	66	9	66	9
In Five Years or More	0	0	0	0
	<u>66</u>	<u>26</u>	<u>66</u>	<u>26</u>

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

32. FINANCIAL CONTINGENCY FUNDS

	2012 £ '000	2011 £ '000
Unspent at 1 August	4	21
Funding Council grants	75	73
Loans Repaid	1	3
Interest earned	0	0
	<u>80</u>	<u>97</u>
Disbursed to students	(73)	(82)
Funds returned to Assembly	(0)	(11)
	<u>(73)</u>	<u>(93)</u>
Balance unspent at 31 July	<u>7</u>	<u>4</u>

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

During the 2011/2012 academic year, the University received £75,066 (2010/2011 - £72,707) from the Welsh Government as earmarked financial contingency funds. The funds were administered in accordance with the terms and conditions specified by the Government. At 31 July 2012, the University held £7,371 (31 July 2011 - £4,091) of funds not distributed.

33. SOUTH WEST WALES SCHOOL OF EDUCATION

	2012 £ '000	2011 £ '000
HEFCW Grant Received	1,811	2,374
Grant Disbursed to Swansea Metropolitan University	(1,811)	(2,374)
	<u>-</u>	<u>-</u>

The HEFCW grant received was for delivery of ITT provision in partnership with Swansea Metropolitan University. The University acts only as paying agents. The grant and related disbursements are therefore excluded from the income and expenditure account.

During the year, the University received £1,811,460 (2011 - £2,374,356) from the Higher Education funding Council for Wales as earmarked ITT grant. The funds were administered in accordance with the terms and conditions specified by the Council and paid out in the year.

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

34. PENSION SCHEMES

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

LGSS

A full actuarial valuation of the scheme was carried out as at 31 March 2010 and updated to 31 July 2011 by a qualified independent actuary. The major assumptions used by the actuary were:

	2012 %	2011 %	2010 %
Rate of increase in salaries	3.85	4.65	4.95
Rate of increase in pensions	2.1	2.9	2.7
Discount rate	4.3	5.3	5.5
Rate of inflation	2.1	2.9	2.7

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

	31 July 2012	31 July 2011
Retiring today		
Males	22.3	21.9
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	23.3
Females	26.9	26.1

At the last actuarial valuation date, the market value of the assets of the scheme was £10,754,000 and the present value of the scheme liabilities was £15,819,000.

Fair value of assets and expected rates of return as at 31 July 2012, 31 July 2011, and 31 July 2010 were:

	Long-term expected return at 31 July 2012	Fair value at 31 July 2012 £'000	Long-term expected return at 31 July 2011	Fair value at 31 July 2011 £'000	Long-term expected return at 31 July 2010	Fair value at 31 July 2010 £'000
Equities	7.0%	7,442	7.0%	7,181	7.5%	6,242
Government Bonds	2.5%	1,204	3.9%	1,195	4.2%	1,265
Other Bonds	3.4%	1,161	4.9%	1,300	5.1%	1,219
Property	6.0%	796	6.0%	618	6.5%	259
Other	0.5%	151	0.5%	189	0.5%	249
Total market value of assets		10,754		10,483		9,234
Present value scheme liabilities		(15,819)		(14,163)		(13,836)
(Deficit)/surplus in scheme		(5,065)		(3,608)		(4,602)

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

34. PENSION SCHEMES (continued)

Analysis of amount charged to operating profit

	For year to 31 July 2012 £ '000	For year to 31 July 2011 £ '000
Current service cost	516	618
Total operating charge	<u>516</u>	<u>618</u>

Analysis of finance income and charges

	For year to 31 July 2012 £ '000	For year to 31 July 2011 £ '000
Expected return on assets	620	575
Interest on pension liabilities	(754)	(767)
Net finance return	<u>(134)</u>	<u>(192)</u>

Movement in scheme deficit during the year

	For year to 31 July 2012 £ '000	For year to 31 July 2011 £ '000
(Deficit)/Surplus in scheme at beginning of the year	(3,680)	(4,602)
Movement in year		
Current service cost	(516)	(618)
Contributions paid by the employer	474	521
Past Service/Curtailment/Settlement Gain	-	(113)
Net return	(134)	(192)
Actuarial gain/(loss)	(1,209)	1,324
Deficit in scheme at the end of the year	<u>(5,065)</u>	<u>(3,680)</u>

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

	31 July 2012 £ '000	31 July 2011 £ '000
At 1 August	(14,163)	(13,836)
Current service cost	(516)	(618)
Interest cost	(754)	(767)
Member contributions	(191)	(219)
Actuarial gains and losses	(765)	765
Benefits paid	570	625
Past service cost	-	(113)
At 31 July	<u>(15,819)</u>	<u>(14,163)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

34. PENSION SCHEMES (continued)

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

	31 July 2012 £ '000	31 July 2011 £ '000					
At 1 August	10,483	9,234					
Expected rate of return on scheme assets	620	575					
Actuarial gains and losses	(444)	559					
Employer contributions	474	521					
Members contributions	191	219					
Benefits paid	(570)	(625)					
At 31 July	10,754	10,483					
	2012	2011	2010	2009	2008		
	£ '000	£ '000	£ '000	£ '000	£ '000		
Difference between the expected and actual return on assets							
Amount	(444)	559	674	(958)	(927)		
Percentage of scheme assets	4.1%	5.3%	7.3%	12.6%	12%		
Experience gains/(losses) on scheme liabilities							
Amount	(765)	1,015	(822)	600	590		
Percentage of the present value of scheme liabilities	4.8%	7.2%	5.9%	4.8%	5%		
Actuarial (gains)/losses recognised in STRGL							
Amount	(1,209)	(1,324)	148	366	2,591		
Percentage of present value of year end scheme liabilities	7.6%	9.3%	1.1%	2.9%	22.1%		

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

University of Wales Lampeter Pension and Assurance Scheme (UWLPS)

The University sponsors the University of Wales, Lampeter Pension & Assurance Scheme which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for 142 past and 30 present employees. The level of retirement benefit is principally based on salary earned in the last three years of employment.

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

A full actuarial valuation is being carried out as at 31 July 2011 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is being agreed between the University and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The results of the 1 August full actuarial valuation showed a deficit of £2,957,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 15 years from 1 August 2009 by the payment of annual contributions of £290,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, the University has agreed with the trustees that it will pay 25.55% of pensionable earning up to 1 December 2009 and 19.5% of pensionable earning from 1 December 2009 in respect of the cost of accruing benefits. This rate included premiums for death in service and expenses of the scheme.

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

For the purposes of FRS17, the preliminary results of the actuarial valuation as at 31 July 2011 have been updated by a qualified independent actuary, on an approximate basis to 31 July 2012.

The material assumptions used by the actuary for FRS17 as at 31 July 2012, and for the comparative period, were as follows:

	Period Ending 31 July 2012 % per annum	Period Ending 31 July 2011 % per annum	Period Ending 31 July 2010 % per annum
Rate of increase in salaries	5.0	5.0	5.00
Rate of increase in pensions in payment	2.6	3.6	3.20
Discount rate	3.9	5.3	5.40
Inflation assumption	2.6	3.6	3.20
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 2012 are 100% of the standard tables S1PxA Year of Birth, no age rating for males and females, projected using CMI_2009 converging to 1.25% pa. These imply the following life expectancies:

Male retiring at age 65 in 2012	22.2 years
Female retiring at age 65 in 2012	24.3 years
Male retiring at age 65 in 2032	24.0 years
Female retiring at age 65 in 2032	26.2 years

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

Assumption	Change in assumption	Change in value of scheme liabilities
Discount rate	Increase / Decrease of 0.5% p.a	Decrease / Increase by 9.4%
Rate of inflation	Increase / Decrease of 0.5% p.a	Increase / Decrease by 3.3%
Rate of salary growth	Increase / Decrease of 0.5% p.a	Increase / Decrease by 1.6%
Rate of mortality	1 year increase in life expectancy	Increase by 2.8%

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

	Long term rate of return expected period commencing 01/08/11 %	Value at 31 July 2012 £'000	Long term rate of return expected period commencing 01/08/10 %	Value at 31 July 2011 £'000	Long term rate of return expected period commencing 01/08/09 %	Value at 31 July 2010 £'000
Equities	6.9	4,269	6.6	5,847	6.9	5,276
Bonds	3.9	5,416	4.2	4,181	4.5	3,557
Other	3.9	1,012	4.2	63	4.5	69
		<u>10,697</u>		<u>10,091</u>		<u>8,902</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2012****Present values of scheme liabilities, fair value of assets and surplus/(deficit):**

	31 July 2012	31 July 2011	31 July 2010
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fair value of scheme assets	10,697	10,091	8,902
Present value of scheme liabilities	<u>(15,612)</u>	<u>(13,818)</u>	<u>(12,473)</u>
Deficit (net pension liability)	<u>(4,915)</u>	<u>(3,727)</u>	<u>(3,571)</u>

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

The projected unit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative measure of the scheme liabilities, whose calculation differs from that under the projected unit method in that it includes no assumption for future earnings increases. In assessing this figure for the purpose of these disclosures, allowance has been made for future statutory revaluation of benefits up to retirement for deferred pensioners but not for active members. At the Balance Sheet date the accumulated benefit obligation a further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than the University continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme as at 1 August 2008 was £15,119,000 compared with the assets at the same date of £7,246,000.

Analysis of the amount charged to income and expenditure account

	2012	2011
	<u>£'000</u>	<u>£'000</u>
Current service cost	270	386
Past service cost	-	-
Total operating charge	<u>270</u>	<u>386</u>

Analysis of pension finance costs

	2012	2011
	<u>£'000</u>	<u>£'000</u>
Expected return on pension scheme assets	568	502
Interest on pension liabilities	(728)	(674)
Pension finance costs	<u>(160)</u>	<u>(172)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

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

	2012 <u>£'000</u>	2011 <u>£'000</u>
Actual return less expected return on pension scheme assets	136	620
Experienced losses arising on the scheme liabilities	1,326	(52)
Change in financial and demographic assumptions underlying the scheme	<u>(2,634)</u>	<u>(599)</u>
Actuarial loss recognised in the STRGL	<u>(1,172)</u>	<u>(31)</u>

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

	2012 <u>£'000</u>	2011 <u>£'000</u>
Deficit at 1 August	(3,727)	(3,571)
Movement in year:		
Current service cost	(270)	(386)
Net interest payable	(160)	(172)
Contributions	414	433
Past service/Curtailment/Settlement gain	-	-
Actuarial (loss)/gain	<u>(1,172)</u>	<u>(31)</u>
Deficit at 31 July	<u>(4,915)</u>	<u>(3,727)</u>

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

	Period Ending 31 July 2012 <u>£'000s</u>	Period Ending 31 July 2011 <u>£'000s</u>
Scheme liabilities at start of period	13,818	12,473
Current service cost	270	386
Interest cost	728	674
Contributions by scheme participants	35	47
Actuarial loss	1,308	651
Benefits paid, death in service insurance premiums and expenses	<u>(547)</u>	<u>(413)</u>
Past service costs	-	-
Scheme liabilities at end of period	<u>15,612</u>	<u>13,818</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2012

Analysis of movement in the market value of scheme assets

	Period Ending 31 July 2012 £'000s	Period Ending 31 July 2011 £'000s
Fair value of scheme assets at start of period	10,091	8,902
Expected return on scheme assets	568	502
Actuarial gains / (losses)	136	620
Contributions by employer	414	433
Contributions by scheme participants	35	47
Benefits paid, death in service insurance premiums and expenses	(547)	(413)
Receipt from insurance claim	-	-
Fair value of scheme assets at end of period	<u>10,697</u>	<u>10,091</u>

The actual return on the scheme assets over the period ending 31 July 2012 was £704,000.

The experienced gains and losses for the year ended 31 July 2012, 31 July 2011, 31 July 2010, 31 July 2009 and 31 July 2008 were as follows:

	2012	2011	2010	2009	2008
Defined benefit obligation (£'000)	(15,612)	(13,818)	(12,473)	(10,811)	(8,793)
Plan assets (£'000)	10,697	10,091	8,902	7,559	7,293
Surplus/(deficit) (£'000)	<u>(4,915)</u>	<u>(3,727)</u>	<u>(3,571)</u>	<u>(3,252)</u>	<u>(1,500)</u>

Difference between the expected and actual return on
scheme assets:

Amount (£'000)	136	620	619	(622)	(709)
Percentage of scheme assets	1%	6%	7%	-9%	-10%

Experienced gains and losses on scheme liabilities:

Amount (£'000)	(1,326)	(52)	36	695	91
Percentage of present value of the scheme liabilities	8%	0%	0%	6%	1%

Total amount recognised in the STRGL

Amount (£'000)	(1,172)	(31)	(1,083)	(1,984)	1,039
Percentage of present value of the scheme liabilities	%	-4%	-9%	-18%	12%

NOTES TO THE ACCOUNTS

Year ended 31 July 2012

Teachers' Pension Scheme

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

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

Latest actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Real rate of return	3.5% in excess of prices and 2% in excess of earnings per annum
Rate of real earnings growth	1.5% per annum
Gross rate of return	6.5% per annum

The value of the notional assets at 31 March 2010 was £163,240 million (estimated future contributions together with the proceeds from the notional investments held at the valuation date).

Following implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2001, the government actuary carried out a further review on the level of employer's contributions. For the period from 1 August 2010 to July 2010, the employer contribution was 14.1%.

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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

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

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2012**

The employer contribution rate paid by the Institution to USS for the period 1 August 2011 to 31 July 2012 was 16% of pensionable salaries.

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

The next formal triennial actuarial valuation is due as at 31 March 2014. The contribution rate will be reviewed as part of each valuation.

35. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

36. CAPITAL COMMITMENTS

Capital commitments not contracted for at year end	£ '000
Teaching & Learning Building	3,748
Canterbury Building Refurbishment	862

37. CONTINGENT LIABILITIES

There is a contingent liability of £700k in respect of the University of Wales, Lampeter Pension & Assurance Scheme.

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

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

38. RELATED PARTIES

There were no related party transactions during the year.

