

Financial Statements | 2015/16



Prifysgol Cymru
University of Wales

FINANCIAL STATEMENTS
FOR THE YEAR TO 31 JULY 2016

CONTENTS

	PAGE
Overview	1 - 9
Operating and Financial Review of the University of Wales	10 – 13
Corporate Governance Statement	14 – 19
Responsibilities of the Council of the University of Wales	20
Report of the Independent Auditors	21 - 23
Statement of Principal Accounting Policies	24 - 28
Consolidated Statement of Comprehensive Income and Expenditure	29
Consolidated Statement of Changes in Reserves	30
Balance Sheets	31
Consolidated Statement of Cash Flows	32
Notes to the Financial Statements	33 - 50
Appendix A – Principal Governing Body, Committees, Principal Officers & Staff, Advisers etc.	52 - 56

OVERVIEW 2015-16

Summary of Key Achievements in 2015-16

Maintain the quality of a University of Wales degree

- QAA monitoring provided assurance that arrangements to ensure academic quality and the student experience are robust.
- Very low numbers of student complaints were received.

Meet obligations to students in collaboration centres

- Plans to bring contractual arrangements with collaboration centres to an orderly conclusion are on target and the number of individuals studying for a University award has fallen in line with this plan.
- Over 600 graduates attended an award ceremony in Cardiff to celebrate the end of their studies.

Invest in academic initiatives

- The first students have been registered on University of Wales validated programmes approved for the International University of Malaya-Wales.
- The Wales Centre for Equity in Education published research and hosted seminars and conferences, keeping a spotlight on inequality and disadvantage in education in Wales.

Promote research innovation and scholarship

- New students were appointed to start PhD scholarship at the Centre for Advanced Welsh and Celtic Studies and, for the first time, the Wales Centre of Advanced Batch Manufacture (CBM).
- CBM partnered a number of leading research organisations to exploit the benefit of innovative use of 3D mapping and metals printing, especially in veterinary science.

Contribute to the economic, cultural, social and intellectual wellbeing of Wales

- Over 1,000 people downloaded the free Geiriadur Prifysgol Cymru (The Dictionary of the Welsh Language)
- App to access the Dictionary.
- 800 new words were added to the Dictionary last year to keep it up to date with current Welsh usage.
- 18 new or updated entries were added to the free online Dictionary of Welsh Biography.
- Broad programme of events were hosted at the National Eisteddfod in Abergavenny.
- University of Wales Press published 30 new books, 10 new editions and 9 issues of journals.
- Welsh, UK and international businesses accessed the innovative services of CBM.

Prepare for merger with UWTSD

- Process for merger with UWTSD is on track to be concluded in 2017/18.

OVERVIEW 2015-16

University Structure

Since its foundation the University of Wales ('the University') has played a significant role in the development of higher education in Wales and over the past 120-years it has adapted many times in response to the changing needs of students and government strategy.

As a degree-awarding body, rather than a teaching institution, the University comprises departments that support the delivery of the University's academic model and its administrative functions, and thus the University's structure is different from that of most higher education institutions in the UK. In addition to the University Registry, the University operates a highly regarded research centre - the Centre for Advanced Welsh and Celtic Studies, the University of Wales Press, the Dylan Thomas Centre and, since 2014, the Wales Centre for Advanced Batch Manufacture. The University also operates the Gregynog study, conference and visitor centre in mid-Wales. The University's academic model supports the delivery of accredited studies to students in overseas collaboration centres, including in Malaysia at the International University of Malaya-Wales.

Established by Royal Charter in 1893 (RC-000676) the University is also a registered charity (number 1146516). The principal office is the University Registry, King Edward VII Avenue, Cathays Park, Cardiff CF10 3NS. The names of the members of the University Council (who also act as charity trustees) are stated in Appendix A of the Financial Statements.

University Strategy

The strategy of the University is to prepare for merger with the University of Wales: Trinity Saint David (UWTSD), which will be completed when the University has discharged or put acceptable arrangements in place to meet its obligations to its students. Good progress continued to be made and the merger process is on target to be completed in 2017/18. Information regarding the background to the merger can be found in previous annual reports or on the University website:

www.wales.ac.uk/en/AboutUs/Developments/Developments-Merger-and-Reconfiguration.aspx

The objectives for the pre-merger period are to managing the resources of the University to:

Maintain the high quality and standards of a University of Wales degree.

Ensure that the University is financially sustainable and able to meet its obligations to students.

Invest in new academic initiatives for the benefit of the University and transformed university.

Invest in and further develop the University's internationally recognised programme of research, innovation and scholarship.

Maintain the University's traditional contribution to the economic, social, cultural and intellectual wellbeing of a sustainable Wales.

The University's academic model was changed in 2012 following the decision that it would cease to be an accrediting body for other universities in Wales and to bring to a close the validated programmes then offered at collaboration centres in the United Kingdom and overseas. This included the adoption of a revised system of academic governance to manage the risk to academic quality during a period of significant transition and change.

Within the context of these strategic objectives the key achievements of the University during the year were as follows.

OVERVIEW 2015-16

The ways in which the University is safeguarding its legacy for future generations, remaining faithful to its core values, and ensuring that assets serve the purpose for which they were intended are set out in Adduned Cymru (the Wales Pledge). For more information please visit: www.wales.ac.uk/Resources/Documents/Merger/Adduned-Cymru-English.pdf.

The priority of the University Council in 2015-16 has been to further the delivery of the above strategic objectives, which also meet the charitable objects of the University – i.e. for the advancement of education learning and research and to serve Wales and its people.

Financial Performance

Overview: net income decreased in 2015-16 in line with strategic forecasts approved by the University Council when the new academic model was adopted. Net operational costs increased marginally as a result of investment in new initiatives, which will benefit the transformed university in the medium to long term and thereby support one of the key strategic objectives for the pre-merger period. As was the position in 2014-15, the resulting deficit on continuing operations in 2015-16 has been funded from the University's reserves consistent with the agreed strategy. More detail on the financial position of the University can be found in the Operating and Financial Review.

Reserves: As at 31 July 2016, the University held fixed asset investment reserves to the value of £8.4 million (2015: £10.0 million). The University Council has approved the use of these funds to underwrite operational commitments made up to the date of merger, with further funds ring-fenced for Adduned Cymru (the Wales Pledge) or earmarked for further collaboration for the long term benefit of the Transformed (post-merger) University.

Funds held by the University in a Custodian Capacity: In 2015-16 the University administered restricted endowment funds with an aggregate value of £8.2 million (2015: £8.1 million). Income from these funds, which are held as a balanced portfolio of investments and cash, has been primarily applied for the restricted purpose of providing scholarships and prizes for students. During 2016-17 some £4.9 million will be transferred to the trustee of the UW Restricted Endowments Trust, the independent charitable trust established in 2014-15 to manage these funds. This will complete another key element of Adduned Cymru (the Wales Pledge) to safeguard the legacy of the University of Wales for the long term.

Investments: University reserves and restricted endowments and unrestricted endowments are invested with a number of managed funds. Council is advised on the management of these funds by an Investments Sub-Committee, which receives independent professional advice on investment strategy, benchmarks and investment performance.

The investment strategy aims to ensure that the capital value of investments keep pace with the retail price index over the long term and provides an income return on these investments of 4.0%. The total net return in 2015-16 was 4.4% (against a target of 5.9%), however over a three year rolling period the return had been 6% against a target of 5.8%. At 31 July 2016, these investments had a value of £15.5 million (2015: £16.9 million) and capital growth and income return equated to 1.3% (2015: 2.9%) and 3.1% (2015: 3.4%) respectively.

Pensions: University staff participated in one of two defined benefit pension schemes: the national Universities Superannuation Scheme ('USS') or the University of Wales Superannuation Scheme ('UWSS'). The assets of each scheme are held in separate trustee administered funds.

The USS fund is in significant actuarial deficit and during the reporting year the USS Trustees addressed this with a significant change to future benefits for members, by closing its final salary scheme, and by moving all future pension accruals to a 'career average' scheme. In addition, employer and employee contributions were increased in 2015/16.

OVERVIEW 2015-16

The UWSS fund also has an actuarial deficit, which was re-assessed during a tri-annual valuation after the financial year end. The result of this valuation will not be known until later in 2016-17 and, subject to the views of the trustees, any recovery plan is not likely to take effect until August 2017.

Operational Overview

Organisational structure: Save for minor changes in the University Registry, the structure was stable in 2015-16.

The University has three subsidiary companies: Canolfan Uwchefrydiau Cymraeg a Cheltaidd (Centre for Advanced Welsh and Celtic Studies) Cyfyngedig; UW Centre for Advanced Batch Manufacture Limited; and Awen Wales Limited, the latter of which is a non-trading investment holding company.

Collaborative Provision: The University's managed exit from collaborative provision is based on three basic principles. These affirm that during the exit process the University will: (i) take whatever additional steps are necessary to assure the quality of provision and ensure the academic standards of its awards; (ii) fulfil its responsibility to enable students to complete their studies leading to an award in a way that is consistent with the relevant University regulations; and (iii) honour the contracts which are in place for each collaborative centre which remains in good standing.

The University's reserves comprise of restricted and unrestricted endowments, which are invested with a number of managed funds. Council is advised on the management of these funds by the University's Investments Sub-Committee, which receives independent professional advice on investment strategy, benchmarks and investment performance.

The key focus in 2015/16 has been to consolidate and, where appropriate, enhance organisational and procedural structures in respect of the University's oversight of its legacy collaborative provision portfolio. This has been through the publication of a *Learning Teaching and Assessment Handbook* and additional guidance materials for Centres following revisions to certain policies, procedures and practices (i.e. step-in, appeals and complaints and changes to programmes of study), which reflect aspects of learning from a fortnightly governance review of moderator and external examiner reports. The Assessment Handbook has been translated into Spanish, Arabic and Mandarin and appropriate language versions have been distributed to all collaboration centres.

We reported last year that a number of collaboration centres had been identified for transfer to the transformed university when the merger process is completed. Good progress has been achieved with 10 centres having signed a tri-partite memorandum of understanding with the University and UWTSD. At the end of 2015-16, the number of students studying at collaboration centres had fallen to around 10,000 (down from over 28,000 when the withdrawal from collaborative provision was announced).

The good quality of the University's collaborative provision continues to be reflected in a relatively low number of student complaints and number of reviews undertaken by moderators, examiners and staff identified issues that required further investigation by the University.

OVERVIEW 2015-16

University of Wales Press (UW Press)

In 2015/16, UW Press continued to enhance its reputation within the world of academic presses with several significant publications. These included the launch of Professor Kenneth O Morgan's acclaimed autobiography, the Royal Society of Architects first book *The History and Architecture of Cardiff Civic Centre* and the launch of two new series including the *Nations of Wales*, which began a new series, *The Scientists of Wales*. These publications enable new areas of Welsh lives and achievements to be researched and recorded, and add to the vast range of books on the Welsh nation and its cultural and historical background which have been published by UW Press during the past 94 years.

Other highlights have included the excellently entitled *Roald Dahl Wales of the Unexpected* which was published ahead of the centenary celebrations of this remarkable author and *Cyfoethogi'r Cyfethrebu*, which sold out in two months and had to be reprinted to fulfil further orders. UW Press, in conjunction with the British Spanish Society, also established a new prize for writers of Iberian and Latin American literature.

In the past year, UW Press has been represented at all the major book conferences and has been regularly complimented on its bilingual web site and engagement with social media. UW Press has also adopted measures such that it is as advanced as most other academic presses, and ahead of many, in terms of engagement with Open Access, E books, and Print on Demand.

2015/16 was a busy year for UW Press with the publication of forty books, including ten new editions, and issues for nine annual or bi-annual journals. All titles were handed over on schedule and within budget, helped by investment in new systems which have improved management information such that every book published can be followed 'from cradle to grave' in terms of costs, sales, income, royalties, overhead apportionment and performance against predictions.

But these are very difficult times for all presses, and in particularly academic presses, and it would be remiss not to acknowledge that UW Press relies on continued financial support from the University as it approaches its centenary.

The University Council is grateful to the members of the UW Press Committee (named in Appendix A) for their commitment, guidance and support for the important work of the UW Press.

OVERVIEW 2015-16

Centre for Advanced Welsh and Celtic Studies ('CAWCS')

We closed the report on CAWCS in 2014/15 with an expression of concern at the scale of the financial challenge faced by the CAWCS Board in securing a financially sustainable future for the Centre, and, in particular, for the Geiriadur Prifysgol Cymru – Dictionary of the Welsh Language ('Dictionary'). CAWCS was, and still is, facing a significant reduction in research income in the current funding period, despite retaining its status as an international centre of excellence.

Significantly, a year ago the Centre was also entering a first year in its history with no financial support for the Dictionary from the public purse, notwithstanding its widely recognised importance in supporting and promoting the Welsh language and Welsh culture and heritage. It is pleasing to report, therefore, that the Welsh Government subsequently agreed to extend its contribution to the funding for the Dictionary until April 2017, and we will use this time to have further discussion on future funding options for the Dictionary after the University merger with UWTSD has been completed.

Last year, in which CAWCS celebrated the thirtieth anniversary of its foundation in 1985, was also a significant year for the Dictionary when it became the first historical dictionary to be made available via an app for mobile devices. Over 1,000 people have already taken advantage of the free download, giving access to the Dictionary which includes 800 new words added last year to keep the Dictionary up to date with current Welsh usage.

In 2015/16, CAWCS awarded its first PhD degrees and welcomed four new students who will support the Centre's active research programme. The Centre's academic role was also extended when, as part of pre-merger integration, its staff began to contribute to teaching on a UWTSD distance-learning MA in Celtic Studies and in the development of a BA course.

Major outputs from the CAWCS research programme in 2015/16 are summarised below.

- The three-year project 'Atlantic Europe in the Metal Ages' concluded in 2015/16 with a conference at the National Library of Wales, the launch of the project database, www.aemap.ac.uk, and the publication of the new volume in the series 'Celtic from the West'.
- The 'Cult of Saints in Wales' project took its exhibition on the road with talks on local saints at Bangor, Llantwit Major, St David's and Holywell. Building on the success of this project, a new project is now planned on the 'Latin Lives of Welsh Saints' in partnership with Cambridge University.
- The Leverhulme-funded project on Thomas Stephens concluded with an international workshop on 'The Amateur Historian and Knowledge Exchange in Nineteenth-Century Europe'.

OVERVIEW 2015-16

- A new grant from the Leverhulme Trust has enabled CAWCS to participate in a two-year interdisciplinary project led by the University of Leicester to examine the value of place-name evidence as a guide to historical patterns of drainage and flood-management.
- The CAWCS project 'Wales and the French Revolution' was the basis for an exhibition at the Welsh Assembly in September 2016 in collaboration with the National Library of Wales and told the history of political discourse in Wales from 1790 to the present day.
- Development of The Dictionary of Welsh Biography continues in partnership with the National Library of Wales; notable recent articles include the actress Rachel Thomas, the boxer Johnny Owen, and Henry Paget, 7th Marquess of Anglesey.

In conclusion, although 2015/16 was another successful year for CAWCS and the Dictionary there remains significant continuing uncertainty with regards to sustainable sources of funding beyond July 2017, the resolution of which is a priority for the CAWCS Board in the year ahead.

Shaping Education Policy

In November 2015, the Wales Centre for Equity in Education (WCEE) - the policy and applied research centre established in 2013 in partnership with UWTSD, published its first annual report setting out how it had advanced its aim of reducing educational inequality in Wales. This included the hosting of policy seminars and the publication of valuable new resources and information, particularly for early years' practitioners. Subsequently, in July 2016, the Welsh Minister for Lifelong Learning spoke at a national 'Early Years Matter' conference organised by WCEE which was open to all specialists from schools, universities, third sector organisations and policy makers with an interest in early years education research, policy and practice.

Other parts of the University have also been active in seeking to support the development of education policy. In 2015/16, the University of Wales Press and WCEE relaunched the *Wales Journal of Education/Cylchgrawn Addysg Cymru* for researchers, policy makers and practitioners who share the common goal of achieving excellence in education. The Press also partnered The Wales Journal of Education and the British Education Research Association in hosting a free one-day seminar on 'The Future of Professional Learning in Wales: research informed policy and practice'.

Wales Centre for Advanced Batch Manufacture ('CBM')

CBM is the subsidiary of the University and joint venture with UWTSD which offers a range of advance manufacturing and reverse engineering services, including cutting edge digital production, 3D printing and 3D scanning. Whilst still in the early phase of development, CBM has made a successful start and is showing great promise for longer term development. The company is making good progress towards achieving break even as a start-up business and has established many strategic relationships which support the University's academic, research and commercialisation objectives.

Having already completed over 200 commercial assignments, for over 30 clients in a range of business sectors, CBM is developing a status as a leading authority in bespoke device product design and small batch manufacture. This status was enhanced in the summer of 2016 when CBM became one of the first organisations in the UK to attain accreditation to the ISO 9001(2015) quality standard.

OVERVIEW 2015-16

Two other highlights are particularly noteworthy for CBM in 2015/16. October 2015 saw the launch of CBM Design to support CBM Manufacture and to offer design consultancy, product sourcing and a production management service for high volume manufacture; and in September 2016, CBM appointed its first postgraduate research students thereby becoming a new, industry focused, research centre.

Dylan Thomas Centre

The Dylan Thomas Centre, in Swansea's Maritime Quarter, is one of the city's most iconic buildings and since 2011, when it took over the lease of the building, the University has invested in renovations at the Centre to create a multi-purpose venue open to host a range of events and functions (including a café open to passing custom). Facilities at the Centre include incubation space for small businesses that are interested in establishing presence in Swansea. The Centre hosts the Dylan Thomas Exhibition (operated by the City and County of Swansea) and is home the High Performance Computing (HPC), Wales' world class supercomputing hub. The main effort in 2015-16 has been to grow the conference and café side of the business. Going forward, the Dylan Thomas Centre will be an important feature of the new campus being developed by UWTSU in the Maritime Quarter and will therefore make an important contribution to the future transformed university.

Gregynog

Trading conditions continue to be challenging, particularly for its traditional streams of income from conferencing and accommodation. However, overall, Gregynog has continued to perform broadly in line with budget as the business continued to prepare for a future as an independent charitable trust (which would meet one of the University's strategic objectives under Adduned Cymru – the Wales Pledge).

In 2015/16, the University continued to provide support for the Chair Designate and Trustees who have worked on developing a new vision and sustainable business strategy for Gregynog to support the capital investment that the hall and estate will need to reach its full potential. Capital projects last year included the opening of new facilities for walkers on the Gregynog estate, with a new green gym and toilet block designed to improve access to the National Nature Reserve. Last year, Gregynog retained its silver certificate following assessment against the Investors in People standard of best practice for people management.

Health and Safety

There were no reportable safety incidents in 2015/16 or significant near miss events. Arrangements for ensuring the health, safety and general wellbeing of University staff and students are closely monitored by a Health and Safety Steering Group comprising senior and middle managers, which reports to a committee of Council. The work of this group, together with independent biennial assessment by the University's insurers, provides important assurance that our health and safety systems are consistent with the practices of our merger partner (UWTSU) and good practice in the sector and that the improvements made in recent years have become suitably embedded.

The 2015/16 year started with health and safety refresher training being provided for all line managers in September 2015, and subsequently a number of staff have been trained in the use of defibrillators which have been installed at all principal places of business, including both the Dylan Thomas Centre and Gregynog Hall which both have a significant volume of public visitors.

OVERVIEW 2015-16

Welsh Language

The University's Welsh Language Scheme treats the Welsh and English languages equally – with both enjoying the same status and validity in all areas of service and student, staff and public engagement.

In 2015, Welsh Language Champions were appointed across all areas of University activity. Acting individually and collectively, this group provides advice and support and generally promotes the Welsh Language Scheme, as an important element of the University's monitoring system.

All new members of staff receive Welsh Language awareness training as part of a reinvigorated induction process and last year 16 members of staff completed Welsh language training, of whom 9 have elected to continue (stage II) training in support their career development. The training requirements of all staff are reviewed as part of the annual staff appraisal process undertaken each autumn.

Employment, Equality and Diversity

As at 31 July 2016 the University had 129 employees (110.5 full time equivalents) compared with 137 employees (116.2 full time equivalents) as at the 31 July 2015. At the end of 2015/16, the workforce was of predominantly white ethnicity, was 68% female and was relatively evenly spread by age with no 5-year age bracket accounting for more than 18% of the workforce (range 2%-18%). 120 staff were employed full time and 9 part time, and 3% of staff had a declared disability.

A published Strategic Equality Plan demonstrates how, in the final stages of a pre-merger period, the University acts in a proportionate way to eliminate discrimination, foster good relations and advance equality of opportunity across all of its operations and affairs. This plan monitors performance in 38 areas of general objective, engagement, staff diversity, inclusive policies and practices, disability, race, gender and sexual orientation, religion and belief, pregnancy and maternity, and gender pay.

Sustainability

Since the announcement of the merger with UWTSU, the University has invested only modestly (and, for a non-teaching university with no campuses, proportionately) in matters of non-financial sustainability. Post-merger, the University's continuing activities will become subject to UWTSU's multi-faceted sustainability strategy and work continued in 2015/16 to prepare University departments and centres for this.

Outlook for 2016-17

The University is confident that progress in the next twelve months will see the process of merger with UWTSU completed during 2017-18. In the meantime, it remains the policy of the University Council to apply the reserves of the University appropriately to help finance the costs of its current obligations to students prior to formal merger, to prepare the University for merger with UWTSU and to invest in forward looking strategies to embed the important heritage and services of the University of Wales in the transformed post-merger university.

Operating and Financial Review 2015-16

1 Students Qualifying for University of Wales Awards

The following schedule shows the number of students qualifying for initial and higher awards of the University of Wales over the past three years:

	2016	2015	2014
Validated Institutions	3,301	4,525	6,821
Accredited Institutions	74	558	1,038
Affiliated Institutions	3	22	30
	3,378	5,105	7,889

2 FRS 102

The Accounts of the University have been prepared for the first time in line with FRS 102.

FRS 102 (the Financial Reporting Standard Applicable in the UK and Republic of Ireland) is the main new UK GAAP (Generally Accepted Accounting Principles) standard which has replaced all of the previous FRSs (Financial Reporting Standards) and SSAPs (Statements of Standard Accounting Practices). FRS 102 applies to accounting periods beginning on or after 1 January 2015. SORP 2014 (Statement of Recommended Practice) has been issued to provide guidance on formats, accounting treatments and disclosures, which has enabled the University to comply with the accounting standard.

FRS 102 was effective for accounting periods beginning on or after 1 January 2015 and as the University has a financial year-end of 31 July, the first FRS 102 financial statements have been prepared as at 31 July 2016. However, the date of transition is the beginning of the earliest period for which an entity presents full comparative information under FRS 102 in its first financial statements that comply with that standard. Therefore the Financial Statements produced for the year ended 31st July 2015 have been restated and supplied as comparative figures.

3 Financial Results

The consolidated out-turn for the University before other gains and losses and share in the operating deficit of the joint venture is a deficit of £3.8m compared to a deficit of £2.4m in 2014-15. After recognising the share in the joint venture the deficit attributable to the University is £3.6m (£2.3m in 2014-15). Including other gains and losses and the actuarial loss in respect of the in-house pension scheme total comprehensive income attributable to the University in the year is £5.4m (£2.5m in 2014-15).

The consolidated balance sheet for the University shows that total net assets were £14.9m as at 31 July 2016, a decrease of 27% on the 2014-15 value of £20.4m. The main contributing factors were a decrease in the value of non-current assets of £1.3m, a decrease in net current assets of £1.5m and an increase in provisions of £2.3m.

Operating and Financial Review 2015-16

4 Income

Total consolidated income for the University decreased by £1.3m (16 %) to a total of £6.5m. Collaborative provision income of £2.3m continued to be the largest source of funding to the University accounting for 35 % of total income. However this sum represented a decrease from this source of £1.1m as the University continued to implement its' planned closure of the validation programme.

Income generated in respect of the residences, catering and conferences function at Gregynog Hall was the next greatest source of income at £1.1m; (17 % of total income).

Research grant income secured by the Centre for Advanced Welsh and Celtic Studies was £0.7m for the year (0.7m in 2015) , and the Centre was also in receipt of £0.2m (£0.4m in 2015) of recurrent grant from the Higher Education Funding Council for Wales.

Investment income remained similar to the previous year at £0.5m.

The key sources of University income by source and component are shown below:

	2015-16		2014-15	
	£'000	%	£'000	%
Registry	2,361	36.4	3,780	48.6
Gregynog (Hall, Estate & Woodlands)	1,208	18.6	1,139	14.7
CAWCS	1,075	16.6	1,366	17.6
University Press	387	6.0	356	4.6
Dylan Thomas Centre	330	5.1	279	3.6
Finance & Resources	319	4.9	173	2.2
UW Centre for Advanced Batch Manufacture	257	4.0	40	0.5
General Education Accounts	134	2.1	53	0.7
Reserves	103	1.6	235	3.0
Endowment Funds	80	1.2	129	1.7
Centre for Equity in Education	56	0.9	62	0.8
Other	179	2.8	162	2.1
	<u>6,489</u>	<u>100.0</u>	<u>7,774</u>	<u>100.0</u>

	2015-16		2014-15	
	£'000	%	£'000	%
Funding Council Grants	193	3.0	481	6.2
Research Grants & Other Contracts	756	11.7	740	9.5
Collaborative Provision	2,299	35.4	3,439	44.2
Other Income	2,738	42.2	2,593	33.4
Investment Income	503	7.8	521	6.7
	<u>6,489</u>	<u>100.0</u>	<u>7,774</u>	<u>100.0</u>

Operating and Financial Review 2015-16

5 Expenditure

Total consolidated expenditure for the University increased by £0.1m (1%) to a total of £10.3m compared with £10.2m for the previous year. Costs across the major expenditure heads were all broadly similar with a slight decrease in staff costs of £0.1m being offset by an increase of £0.2m on other operating expenses.

The key sources of University expenditure by source and component are shown below:

	2015-16		2014-15	
	£'000	%	£'000	%
Registry	2,710	26.3	2,660	26.1
CAWCS	1,717	16.7	1,793	17.6
Finance & Resources	1,706	16.6	1,868	18.3
Gregynog (Hall, Estate & Woodlands)	1,413	13.7	1,286	12.6
University Press	676	6.6	742	7.3
UW Centre for Advanced				
Batch Manufacture	614	6.0	392	3.8
Dylan Thomas Centre	534	5.2	536	5.3
General Education Accounts	331	3.2	305	3.0
Pension Schemes Service Costs	215	2.1	258	2.5
Reserves	201	2.0	85	0.8
Centre for Equity in Education	107	1.0	112	1.1
Endowment Funds	28	0.3	33	0.3
Other	33	0.3	130	1.3
	<u>10,285</u>	<u>100.0</u>	<u>10,200</u>	<u>100.0</u>

	2015-16		2014-15	
	£'000	%	£'000	%
Staff Costs	4,919	47.8	5,057	49.6
Restructuring	133	1.3	41	0.4
Collaborative Services (ex. staff)	1,697	16.5	1,594	15.6
Other Operating Expenses	3,039	29.5	3,061	30.0
Depreciation	409	4.0	386	3.8
Interest Payable	88	0.9	61	0.6
	<u>10,285</u>	<u>100.0</u>	<u>10,200</u>	<u>100.0</u>

6 UW Centre for Advanced Batch Manufacture

The UW Centre for Advanced Batch Manufacture is a joint venture between the University and University of Wales Trinity St David which was established in 2014-15. Both universities have invested £500k into the subsidiary company and the company by the end of 2015-16 had fixed assets of £886k. All financial activities of the company are included in the consolidated out-turn for the University. As at 31 July 2016 the minority interest for the University of Wales Trinity St David was £145k.

Operating and Financial Review 2015-16

7 Investments

During the year the University sold fixed asset investments valued at £1.7m in line with a planned disinvestment, bringing the total disinvestment over the last five financial year's to £8.8m. As at 31 July 2016 the value of fixed asset investments held by the University was £8.4m (2015: £10.0m) and the value of endowment asset investments was £7.1m (2015: £7.0m). During the year the University, through Awen Wales Limited, made a further small investment in the International University Malaya-Wales bringing its holding in the institution to £224k.

8 Pensions

Note 24 provides full disclosure of the financial obligations of the University relating to the two pension schemes that University staff are eligible to participate in; the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS). The obligation for the University to fund its share of the USS deficit was calculated to be £645k as at 31 July 2016 (2015: £615k). The deficit on the in-house pension scheme (UWSS) increased during the year from £2.0m to £4.0m. This was primarily due to a decrease in the AA corporate bond yields which underlie the discount rate and thereby causing the liabilities to increase.

9 Key Financial Indicators

The following schedule provides some key indicators of liquidity and solvency of the consolidated financial standing of the University of Wales. It should be noted that the key financial indicators are particular to the University of Wales and reflect the status of the University as a non-teaching institution.

	measurement	2015-16	2014-15
Deficit for the year as a percentage of total income	%	(58.5)	(31.2)
Ratio of available funds to total expenditure	days	716	854
<i>The number of days expenditure (excluding pensions current service costs and depreciation) that could be sustained from available funds</i>			
Ratio of Liquid Assets to Current Liabilities	equivalence	(0.14)	(0.41)
<i>Extent to which current liabilities could be met from cash and liquid investments</i>			
Days ratio of liquid assets to total expenditure	days	15	27
<i>Days that total expenditure (excluding pensions current service costs and depreciation) could be met from cash and liquid investments</i>			
Ratio of current assets to current liabilities	equivalence	1.13	2.03
<i>Extent to which current liabilities could be met from current assets</i>			
Days of total income represented by debtors	days	121	130
<i>Days of total income (excluding Funding Council grants) represented by debtors</i>			

Professor Medwin Hughes
Vice-Chancellor

Alun Thomas
Chairman

CORPORATE GOVERNANCE STATEMENT 2015-16

Chairman's Introduction

The University of Wales is in the final stage of a period of transition before constitutional merger with the University of Wales Trinity Saint David ('UWTSD') in 2017-18. My role as Chairman of the governing body is to ensure high standards of governance and that the University functions in an open and accountable manner appropriate for a body established by Royal Charter with charitable status.

Good progress has been made in 2015/16 towards meeting the strategic objectives of the University for the pre-merger period (as set out on page 1 of this annual report). Financial performance has been broadly in line with budget, and the University is well positioned to add value to the transformed (post-merger) university. This is so in terms of complementing the international portfolio of academic partners, including the leading partnership in Malaysia - the International University of Malaya-Wales, the activities and PhD programmes in Aberystwyth (CAWCS) and Swansea (CBM) which will strengthen capacity for research, innovation and commercialisation, and the Dylan Thomas Centre in Swansea which will serve as a gateway to the SA1 Innovation Campus in Swansea. The University of Wales Press and its back catalogue of publications will also provide great opportunity for added value and there will be a balance of financial reserves to transfer to the transformed university, again in line with long term financial planning.

I can report that when making decisions on all of the above matters the University Council had due regard to the Charity Commissioner's 'public benefit' guidance and that we have conformed with the core values and primary elements of the Higher Education Code of Governance published by the Committee of University Chairs (the 'CUC Code') and with the Nolan Principles for Standards in Public Life. I can also confirm that Council is satisfied that there are robust processes and systems in place to identify evaluate and manage risk and to ensure that arrangements for internal control, which are described in the following report are proportionate and effective.

Information on the merger with UWTSD is provided on the University website. This also provides an opportunity for stakeholders to share their views on issues concerning the University of Wales: www.wales.ac.uk/en/AboutUs/Developments/Stakeholder-Voice.aspx.

I am very grateful to the independent Members of Council (who are named in Appendix A) who have continued to give their time generously and freely to oversee the business affairs and governance of the University. Each member sits on one or more committees of Council (either as Chair or a member) and, when called upon, provides invaluable specialist advice and support. Finally, I must again acknowledge the efforts of all our managers and staff who ensure that the University can fulfil its purpose, notwithstanding the inevitable uncertainty associated with this period of pre-merger transformation.

Alun Thomas
Chairman

CORPORATE GOVERNANCE STATEMENT 2015-16

Governance Structure

A statement of the primary responsibilities of the University Council is provided on page 20.

The constitution, powers, duties and functions of the University are defined in its Charter, Statutes, Ordinances and Regulations (together the 'University's Constitution'). The University Council is the supreme governing authority and the University's chief academic and executive officer is the Vice-Chancellor.

The University Council, which meets at least four times each year, has eighteen members, twelve of whom are independent and non-executive. Members include two co-opted members (one of whom is also a member of the Council of the University of Wales: Trinity Saint David, appointed under a reciprocal arrangement), two members appointed by the Academic Board and one member appointed by each of the Staff and Students of the University. The Vice-Chancellor is an ex officio member of Council. Council receives advice on membership from the Nominations and Governance Committee, which monitors the balance of members' skills and experience.

The work of Council is supported by five standing committees, which have responsibility for strategic planning and finance, nominations and governance, human resources, audit, and the remuneration of the Vice-Chancellor and senior staff. Each committee has a written term of reference (set out in the Ordinances) and has a majority of independent members and the decisions and any recommendations of a committee are reported to the next following meeting of Council. The membership of each committee is detailed in Appendix A.

Members of the Strategic Planning and Finance Committee provide advice to Council and monitor delivery of strategic objectives. They also review and recommend the annual revenue and capital budget, monitor performance against the approved budgets, and oversee the preparation of financial statements and arrangements for management of the institution's financial and physical resources.

The academic affairs of the University are overseen by the Academic Board, which advises Council on all academic matters for which it does not have sole accountability under Statute 19. A report is presented to Council after each meeting of the Academic Board.

The term of reference of the Audit Committee is set out in the Ordinances and meets the requirements of the CUC Code and the Audit Committee Code of Practice issued by the Higher Education Funding Council for Wales.

The Secretary to the University Council (the 'Clerk') attends all meetings of the Council and the principal committees of Council. The Clerk also briefs and is available to provide advice to members of Council (whenever this is required) and oversees member induction and training.

The day-to-day management of the University is delegated to the Vice-Chancellor and Deputy Vice-Chancellor, subject to matters that are reserved in the Statutes or Ordinances for decision by Council or a committee of Council.

CORPORATE GOVERNANCE STATEMENT 2015-16

Protecting the Reputation of the University

Members of Council and University officers are required to act ethically in the best interests of the University (in line with the accepted standards of behaviour in public life) and to accept the principle of collective decision-making.

The University of Wales and UWTSD have adopted a common approach to managing duality of interests, which recognises the benefits of closer working together in the pre-merger period without impeding the independence of either institution. Close working together is supported by the Vice Chancellor also being the vice-chancellor of UWTSD, by each institution co-opting one member of Council from the governing body and key committees of the other and, in the final period pre-merger, by the establishment by the vice-chancellor of a joint management team.

The Clerk maintains a register of financial and personal interests of the members of Council and its Committees, and the senior officers of the University, which is regularly reviewed and is subject to annual audit as a key part of the governance structure of the University.

Council has approved a framework of ethics and a whistleblowing policy and the University's reputation is a factor in all discussion at Council on matters of risk management and internal control.

Overseeing Strategy, Systems of Control and Risk Management

The University Council has set strategy designed to deliver constitutional merger with UWTSD in 2017-18. Each meeting of Council receives a progress report on the delivery of agreed strategic objectives and on overall financial performance and sustainability.

The University of Wales Trust, which acts as a merger steering group, is made up of equal representation from the Council of the University and UWTSD and is independently chaired. Its role is to ensure good governance, openness and transparency and, to the extent appropriate, an alignment of policy, systems and process in the pre-merger period. The Trust also considers strategic and governance proposals and makes recommendations to the respective governing bodies for decision.

Council is responsible for systems of internal control and for reviewing its effectiveness. These are designed to enable the University to operate in an orderly and efficient manner and to safeguard its assets and secure, as far as possible, the completeness and accuracy of its records. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness.

A schedule of decisions reserved for the University Council and statement of delegation of responsibility and authority to committees and officers for governance and day-to-day operations is reviewed and, as necessary, updated each year.

The system of internal control is based on a framework of regular management information, clear administrative procedures and lines of responsibility, robust control of approved annual budgets, and regular reviews and reports to Council and its committees. The Internal Auditor reviews the University's control systems and procedures and makes an annual report to the Council. The External Auditors form an independent opinion and report on the accuracy and fairness of the annual Financial Statements. Both Auditors adopt a risk-based approach to their work, having regard to the audit strategies, plans and priorities that are reviewed and approved by the Audit Committee at the start of each year. Overall responsibility for risk and risk appetite rests with the University Council, with oversight of risk management delegated to the Strategic Planning and Finance Committee.

CORPORATE GOVERNANCE STATEMENT 2015-16

Council believes that there is an effective process for identifying, evaluating and managing the significant risks facing the University. An update on officer's assessment of significant risk is presented to each meeting of Council, it having first been reviewed by the Strategic Planning and Finance Committee and the Human Resources Committee. Further assurance is provided by the Audit Committee, which reviews all internal audit reports and has an annual meeting with senior officers responsible for managing risk to ensure that systems are in place for this to operate effectively.

The strategic priorities for the University of Wales in the pre-merger period are:

1. To maintain the high academic standing of a University degree
2. To continue to be recognised as a University that has international excellence associated with its research, innovation and scholarship;
3. To continue to make an essential and innovative contribution to the economic, social, cultural, and intellectual wellbeing of a sustainable Wales.
4. To plan for the incorporation of the University within a transformed UWTSD

The principal risks to the University are assessed and monitored against these objectives.

Priority 1 is reflected in the University's academic strategy and, in particular, through cautious planning of the phased closure of the University's pre 2011 Validation Model (such that the interests of students admitted to study for a University award are the first priority) and by regular and open engagement with the Quality Assurance Agency and other regulatory bodies.

Priority 2 is reflected in the University's support for the Centre for Advanced Welsh and Celtic Studies and its investment in the Wales Centre for Equity in Education and in the Wales Centre for Advanced Batch Manufacture. Priority 3 is addressed under Adduned Cymru (The Wales Pledge), which sets out the arrangements approved by Council to safeguard the rich academic, cultural and literary heritage of the University of Wales (including CAWCS, the University of Wales Press and Gregynog, which are described in other sections of this annual report).

Under priority 4, the integration of some support services is well advanced and the University of Wales has already adopted certain UWTSD systems and procedures to deliver a smooth transition to the transformed university.

Assurance on the Effectiveness of Academic Governance

High-level strategy (such as the decision for orderly withdrawal of accreditation services to other institutions in the UK and overseas) is set by the governing body, with the detail of academic strategy and its delivery being the responsibility of the Academic Board.

Council receives its assurance on academic matters through a combination of routine reporting from the Academic Board, by the Clerk attending meetings of the Academic Board in an observer capacity and from the annual monitoring visit conducted by the Quality Assurance Agency.

Council receives advice and assurance on other aspects associated with the provision of academic services, such as commercial arrangements with collaboration centres or for the recovery of debt, from the Strategic Planning and Finance Committee.

CORPORATE GOVERNANCE STATEMENT 2015-16

External Events and Developments of Significance to the University

The Vice-Chancellor and Chair of Council represent the University of Wales at meetings of Universities Wales and the Chairs of Universities Wales (ChUW) respectively and provide an update on key matters under discussion at each meeting of the University Council. They also attend meetings with key stakeholders, both as members of the Universities Wales or ChUW and directly to represent the University. The external auditor, internal auditor and other professional advisors also bring issues of significance or particular relevance to the University to the governing body's attention through reports to its committees.

Equality and Diversity

The Human Resources Committee advises the University Council on matters of equality and diversity and monitors progress against an Equalities Action Plan, which describes how the University has regard to its legal obligations in a proportionate way, recognising that the University will merge with UWTSD in 2017/18. This is one of a number of areas of policy review undertaken by the University to have regard to the policy of UWTSD with a view, where appropriate, to policy alignment and assimilation to facilitate an efficient merger process.

Governance Structures and Processes that are Fit for Purpose

The Clerk works with the Chair and Vice-Chair of Council to ensure that Council operates in accordance with the University's Constitution and that members of Council are briefed on their responsibilities and duties and that they receive all appropriate information.

No new members were recruited in 2015/16, however, Council is satisfied that it has the collective skill and experience needed to discharge its responsibilities during the final phase of the pre-merger period.

The last formal review of governance arrangements was conducted in summer 2015 and involved benchmarking against the CUC Code and other relevant benchmarks of good governance practice. Since that exercise, the Clerk has continued to provide a regular update to Council (and to the Nominations and Governance Committee and Audit Committee) on relevant changes in governance best practice, most of which would not have impact until after completion of the merger in 2017/18.

As part of the review in 2015 Council members confirmed that they were generally content with University governance arrangements and endorsed a number of changes that were implemented in 2015-16 for the remainder of the pre-merger period. This included a change in Council committee structure with the establishment of the Strategic Planning and Finance Committee (the remit of which was subsequently broadened to take on the responsibility of the Committee for Global Education), a partial alignment of the University and UWTSD Calendars and committee membership, Council's appointment of an observer to attend meetings of the Academic Board and a reconsolidation of the University Ordinances.

CORPORATE GOVERNANCE STATEMENT 2015-16

Report from the Chair of the Audit Committee

The Audit Committee met on three occasions in 2015-16 and I am pleased to report that the Committee did not have cause to bring any matter to the attention of the University Council. All of the Committee's recommendations to the governing body on matters such as the internal audit plan and arrangements for external audit were duly approved and the level of information and reporting the Committee received was satisfactory. There had been no need to exercise the Committee's power to seek additional information or to obtain independent advice to meet members' responsibilities.

The Committee met privately before the start of each meeting and during the year it met privately with the External and Internal Auditors without officers present. The External and Internal Auditor attends each meeting of the Committee, at which members discuss reports from the Internal Auditor and monitor the University's response and implementation of audit recommendations and the arrangements by which the University complies with applicable legal and regulatory requirements.

The Audit Committee is content that the University has appropriate arrangements and internal controls in place at this stage in the pre-merger period and that the resources applied to Internal and External Audit (by both the University and by the auditors) are appropriate and proportionate.

Matters discussed at the Audit Committee, which are noteworthy for 2015-16, include:

- The views of the external and internal auditor on fraud risk in the higher education sector.
- Additional assurance in the financial year end process provided by a report from the Designated Officer.
- The issue of a compliance handbook for the staff of the University.

The work of the Audit Committee was hugely supported in 2015/16 by four independent members who make a significant contribution to the University's system of governance; collectively, these individuals bring the financial and accounting expertise that we need, together with experience in strategic planning and leading a publicly funded body, and strategic risk management in a commercial business environment. I am very grateful for their contribution.

Mrs Elsa Davies

Chair of Audit Committee

RESPONSIBILITIES OF THE COUNCIL OF THE UNIVERSITY OF WALES 2015-16

The Council is responsible for approving the University's strategic vision and business plan as it prepares for constitutional merger with UWTSD, and for overseeing delegated arrangements for the administration and management of the affairs of the University in this transformational phase in its long history.

This includes ensuring the University has an effective system of internal control, and that it presents audited financial statements for each financial year, which disclose with reasonable accuracy the financial position and 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 has to ensure that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Save as otherwise disclosed, applicable accounting standards have been followed.
- Financial statements are prepared on the going concern basis.
- The University has adequate resources to continue in operation up to the proposed date of the merger.

In fulfilling its responsibilities the Council has sought and received reasonable assurance with regards to:

- The safeguarding of the assets of the University and arrangements to prevent and detect fraud.
- The economical, efficient and effective use of the University's resources.
- Ensuring the operation of appropriate financial and internal controls and risk management to safeguard public and other funds, and that these are used only for their intended purpose.

Members of Council are required at all times to be mindful of their duties with regards to:

- Monitoring the performance of the University against approved strategies and policies.
- The employees of the University (as the Council is the employing authority).
- The safeguarding of the good name and values of the University.
- Probity and the principles of public life drawn up by the Committee on Standards in Public Life.
- Overseeing the performance of the Vice Chancellor and other officers appointed to manage the University's affairs against defined statements of responsibility and delegated authority.
- Ensuring the effectiveness of the operation of Council.
- Compliance with the University's constitution and legal, regulatory and contractual obligations.
- The management and use of assets held in a custodian (trustee) capacity.
- Standards of academic governance and the services provided to students.
- Taking such advice from officers or independent advisors as may be necessary or appropriate in fulfilling the responsibilities of the University Council.

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF THE UNIVERSITY OF WALES

Report on the financial statements

Our opinion

In our opinion, the University of Wales' group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2016, and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

What we have audited

The financial statements comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2016;
- the consolidated Statement of Comprehensive Income and Expenditure Account for the year then ended;
- the consolidated Statement of Changes in Reserves for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statement is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions 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 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;
- funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF THE UNIVERSITY OF WALES

Other matters on which we are required to report by exception

Sufficiency of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- sufficient accounting records have not been kept by the parent institution; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under the Charities Act 2011 we are required to report to you if, in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Internal control

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Council

As explained more fully in the Responsibilities of the Council of the University of Wales, the Council (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution's Council as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF THE UNIVERSITY OF WALES

What an audit of the financial statements involves

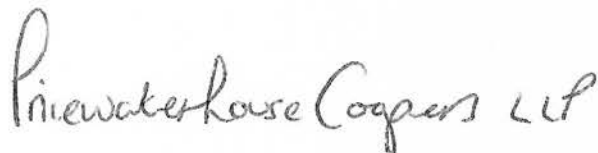
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution'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.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

14 December 2016

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

The maintenance and integrity of the University of Wales' website is the responsibility of the Council; 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.

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

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 (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention. They conform also with the most recent Accounts Direction issued by the Higher Education Funding Council for Wales (HEFCW) in July 2016 (reference: W16/28HE).

2. Basis of Consolidation

The consolidated financial statements consists of the financial statements of the University and its subsidiary companies, Awen Wales Limited and UW Centre for Advanced Batch Manufacture Limited, for the financial year to 31 July 2016. Intra-group transactions have been eliminated fully on consolidation.

3. 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.

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

Grant Funding

Grant funding including HEFCW grants, research grants from government sources and grants (including research grants) from non government sources are recognised as income when the University is entitled to the income and 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 restrictions applied to the individual endowment fund.

There are two types of endowments held by the University:

- Unrestricted permanent endowments: the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted 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.

Statement of Accounting Policies for the year ended 31 July 2016

3. Income Recognition (continued)

Capital Grants

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

4. Accounting for Retirement Benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). 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 to the University as members 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 assets 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.

5. 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.

6. 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.

Statement of Accounting Policies for the year ended 31 July 2016

7. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

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 the determination of income and expenditure for the financial year.

10. Land and Buildings

Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Certain buildings that had been revalued to fair value on or prior to the date of transition to the 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Gregynog is stated at probate value, plus or minus additions or disposals at cost.

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

Buildings and major adaptations thereto are depreciated over their expected useful lives up to a maximum of fifty years.

Equipment

Equipment, including computers and software, costing less than de minimis per individual item or group of related items is recognised as expenditure. 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	project life
Major computer installations	7 years

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

Statement of Accounting Policies for the year ended 31 July 2016

11. Investments

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

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit for the year.

12. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

Stocks of books held by the University Press are valued at the lower of cost and net realisable value and are written down after two or five years from the date of publication as determined by the University of Wales Press Sub-Committee. The cost of journals is written off in their year of publication.

13. 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 twenty-four 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.

14. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- (i) the University has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (iii) 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.

Statement of Accounting Policies for the year ended 31 July 2016

15. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

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

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

16. 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 paragraph 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 are liable to Corporation Tax in the same way as any other commercial organisation.

17. Reserves

Reserves are classified as restricted or unrestricted. 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.

18. 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 the 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 25.

Consolidated Statement of Comprehensive Income and Expenditure
for the year ended 31 July 2016

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Funding Council Grants	1	193	193	481	481
Education Contracts	2	22	22	20	20
Research grants and contracts	3	734	734	720	720
Other income	4	5,031	4,775	6,016	5,976
Investment income	5	503	503	521	521
Total Income before Donations and Endowments		6,483	6,227	7,758	7,718
Donations and endowments	6	6	6	16	16
Total income		6,489	6,233	7,774	7,734
Expenditure					
Staff Costs	7	4,919	4,680	5,057	4,934
Restructuring Costs	7	133	133	41	41
Other Operating Expenses	9	4,736	4,487	4,655	4,477
Depreciation	10	409	283	386	297
Interest and other finance costs	8	88	88	61	61
Total expenditure	9	10,285	9,671	10,200	9,810
Deficit for the year		(3,796)	(3,438)	(2,426)	(2,076)
Gain on Fixed Asset Investments	11	75	75	321	321
Gain on Endowment Investments	11	52	52	191	191
Actuarial loss in respect of pension scheme	24	(1,862)	(1,862)	(806)	(806)
Total comprehensive income for the year		(5,531)	(5,173)	(2,720)	(2,370)
Represented by:					
Endowment comprehensive income for the year		103	103	289	289
Unrestricted comprehensive income for the year		(5,634)	(5,276)	(3,009)	(2,659)
		(5,531)	(5,173)	(2,720)	(2,370)
Deficit for the year attributable to:					
Non controlling interest		(179)	-	(176)	-
University		(3,617)	(3,438)	(2,250)	(2,076)
Total Comprehensive income for the year attributable to					
Non controlling interest		(179)	-	(176)	-
University		(5,352)	(5,173)	(2,544)	(2,370)

All items of income and expenditure relate to continuing activities

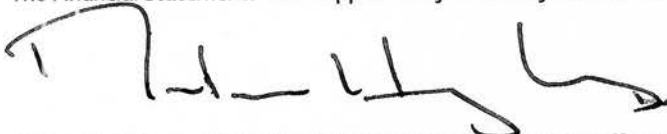
Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2016

CONSOLIDATED	Endowment £'000	Income and Expenditure Account		Fixed Asset Investments Revaluation Reserve £'000	Total excluding Non Controlling Interest £'000	Non Controlling Interest £'000	Total £'000
		Restricted £'000	Unrestricted £'000				
Balance at 1 August 2014	8,264	614	5,758	7,941	22,577	-	22,577
Surplus/(deficit) from the income and expenditure statement	289	-	(2,861)	321	(2,251)	324	(1,927)
Other comprehensive income	-	-	(294)	-	(294)	-	(294)
Transfers between revaluation and income and expenditure reserve	-	-	1,313	(1,313)	-	-	-
Release of restricted funds spent in year	-	(11)	11	-	-	-	-
Balance at 1 August 2015	289	(11)	(1,831)	(992)	(2,545)	324	(2,221)
Balance at 31 July 2016	8,553	603	3,927	6,949	20,032	324	20,356
Surplus/(deficit) from the income and expenditure statement	103	-	(3,795)	75	(3,617)	(179)	(3,796)
Other comprehensive income	-	-	(1,697)	-	(1,697)	-	(1,697)
Transfers between revaluation and income and expenditure reserve	-	-	1,186	(1,186)	-	-	-
Release of restricted funds spent in year	-	(11)	11	-	-	-	-
Total comprehensive income for the year	103	(11)	(4,295)	(1,111)	(5,314)	(179)	(5,493)
Balance at 31 July 2016	8,656	592	(368)	5,838	14,718	145	14,863
UNIVERSITY							
Balance at 1 August 2014	8,264	614	5,572	7,941	22,391	-	22,391
Surplus/(deficit) from the income and expenditure statement	289	-	(2,686)	321	(2,076)	-	(2,076)
Other comprehensive income	-	-	(294)	-	(294)	-	(294)
Transfers between revaluation and income and expenditure reserve	-	-	1,313	(1,313)	0	-	0
Release of restricted funds spent in year	-	(11)	11	-	0	-	0
Balance at 1 August 2015	289	(11)	(1,656)	(992)	(2,370)	-	(2,370)
Balance at 31 July 2016	8,553	603	3,916	6,949	20,021	-	20,021
Surplus/(deficit) from the income and expenditure statement	103	-	(3,616)	75	(3,438)	-	(3,438)
Other comprehensive income	-	-	(1,735)	-	(1,735)	-	(1,735)
Transfers between revaluation and income and expenditure reserve	-	-	1,186	(1,186)	-	-	-
Release of restricted funds spent in year	-	(11)	11	-	-	-	-
Total comprehensive income for the year	103	(11)	(4,154)	(1,111)	(5,173)	-	(5,173)
Balance at 31 July 2016	8,656	592	(238)	5,838	14,848	-	14,848

Consolidated and University Balance Sheet
as at 31 July 2016

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	10	4,176	3,290	3,966	3,565
Investments	11	<u>15,697</u>	<u>15,973</u>	<u>17,232</u>	<u>17,546</u>
		<u>19,873</u>	<u>19,263</u>	<u>21,198</u>	<u>21,111</u>
Current assets					
Stock	13	185	179	171	171
Trade and other receivables	14	2,085	2,165	2,590	2,564
Cash and cash equivalents	20	<u>391</u>	<u>391</u>	<u>702</u>	<u>479</u>
		<u>2,661</u>	<u>2,735</u>	<u>3,463</u>	<u>3,214</u>
Less: Creditors: amounts falling due within one year	15	<u>(2,357)</u>	<u>(2,267)</u>	<u>(1,704)</u>	<u>(1,703)</u>
Net current assets		<u>304</u>	<u>468</u>	<u>1,759</u>	<u>1,511</u>
Total assets less current liabilities		<u>20,177</u>	<u>19,731</u>	<u>22,957</u>	<u>22,622</u>
Creditors: amounts falling due after more than one year	16	(431)	-	-	-
Provisions					
Pension provisions	17a	(4,678)	(4,678)	(2,601)	(2,601)
Other provisions	17b	(205)	(205)	-	-
Total net assets		<u>14,863</u>	<u>14,848</u>	<u>20,356</u>	<u>20,021</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	8,656	8,656	8,553	8,553
Income and expenditure reserve - restricted reserve	19a	592	592	603	603
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		(368)	(238)	3,927	3,916
Revaluation reserve	19b	<u>5,838</u>	<u>5,838</u>	<u>6,949</u>	<u>6,949</u>
		<u>14,718</u>	<u>14,848</u>	<u>20,032</u>	<u>20,021</u>
Non-controlling interest	12	<u>145</u>	-	<u>324</u>	-
Total Reserves		<u>14,863</u>	<u>14,848</u>	<u>20,356</u>	<u>20,021</u>

The Financial Statements were approved by University Council on 14 December 2016, and signed on its behalf by:



Professor M. Hughes, Vice-Chancellor and Chief Accounting Officer



A. Thomas, Chair of Council



M. Rainey, Director of Finance and Resources

Consolidated Statement of Cash Flows
for the year ended 31 July 2016

	Notes	31 July 2016 £'000	31 July 2015 £'000
Cash flow from operating activities			
Deficit for the year		(3,796)	(2,426)
Adjustment for non-cash items			
Nett Depreciation for the year	10	365	386
Investment income	5	(503)	(521)
Decrease in stock	13	(14)	22
Decrease in debtors	14	506	952
Increase / (decrease) in creditors	15	590	(635)
USS current service costs	7	16	228
UWSS current service costs	7	111	(27)
Increase in other provisions	17b	205	-
Adjustment for investing or financing activities			
Interest payable	8	88	61
Net cash inflow from operating activities		<u>(2,432)</u>	<u>(1,960)</u>
Cash flows from investing activities			
Disposal of non-current asset investments	11	1,700	1,850
Investment income	5	311	320
Endowment income	5	192	201
Payments made to acquire fixed assets	10	(41)	(871)
Acquisition of Non Controlling Interest	12	-	500
		<u>2,162</u>	<u>2,000</u>
Cash flows from financing activities			
Repayment of finance leases		(41)	-
(Decrease) / Increase in cash and cash equivalents in the year		<u>(311)</u>	<u>40</u>
Cash and cash equivalents at beginning of the year	20	702	662
Change in Net Debt		(311)	40
Cash and cash equivalents at end of the year	20	<u>391</u>	<u>702</u>

Notes to the Financial Statements for the year ended 31 July 2016

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Funding Body Grants					
Recurrent Grant					
Centre for Advanced Welsh and Celtic Studies		193	193	399	399
Specific Grant					
University of Wales Dictionary Unit		-	-	82	82
		<u>193</u>	<u>193</u>	<u>481</u>	<u>481</u>
2 Education Contracts					
UK Industry		22	22	20	20
		<u>22</u>	<u>22</u>	<u>20</u>	<u>20</u>
3 Research Grants and Contracts					
BIS Research Councils		599	599	680	680
UK Central Government		94	94	-	-
UK-based Charities		41	41	38	38
UK-based Charities (other educational institutions)		-	-	2	2
		<u>734</u>	<u>734</u>	<u>720</u>	<u>720</u>
4 Other income					
Federal Support Grants from Member Institutions		48	48	88	88
Residences, Catering and Conferences		1,127	1,127	1,036	1,036
Other Services Rendered - Collaborative Provision		2,299	2,299	3,439	3,439
Other Services Rendered - Other Services		463	292	307	307
Sales of Publications		277	277	288	288
Publications' Grants		82	82	45	45
Other Income		735	650	813	773
		<u>5,031</u>	<u>4,775</u>	<u>6,016</u>	<u>5,976</u>
5 Investment Income					
Income from:					
Unrestricted Permanent					
Endowment Assets Investments	18	13	13	14	14
Restricted Permanent					
Endowment Assets Investments	18	179	179	187	187
Other Investment Income		311	311	320	320
		<u>503</u>	<u>503</u>	<u>521</u>	<u>521</u>
6 Donations and Endowments					
Unrestricted donations		6	6	16	16
		<u>6</u>	<u>6</u>	<u>16</u>	<u>16</u>

Notes to the Financial Statements for the year ended 31 July 2016

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff Costs				
Salaries	3,816	3,622	3,910	3,811
National Insurance Contributions	328	311	303	295
Other Pension Costs	648	620	643	627
Staff Costs Operating Activities	<u>4,792</u>	<u>4,553</u>	<u>4,856</u>	<u>4,733</u>
Severance Payments	133	133	41	41
USS Current Service Costs	16	16	228	228
UWSS Current Service Costs	111	111	(27)	(27)
Total Staff Costs	<u><u>5,052</u></u>	<u><u>4,813</u></u>	<u><u>5,098</u></u>	<u><u>4,975</u></u>

Emoluments of the Vice-Chancellor and Chief Executive

The post of Vice Chancellor and Chief Executive is held by the Vice Chancellor of University of Wales: Trinity St. David who is employed by that institution and not by the University of Wales. In recognition of the services provided by the Vice-Chancellor and Chief Executive the University reimbursed University of Wales: Trinity St. David the sum of £68,153 in 2015-16 towards the basic salary and associated pension costs of the post. (2014-15 contribution: £66,030). These costs are recognised in other operating expenses and not within staff costs.

Remuneration of other higher paid staff in excess of £100,000 was:

	2016 Number	2015 Number
£150,000 to £159,999	1	-
£140,000 to £149,999	-	1
	<u>1</u>	<u>1</u>

Average staff numbers by major category :

	2016 Number	2015 Number
Administrative and Professional	68.4	71.2
Research	20.1	22.1
Operational	22.0	22.9
	<u>110.5</u>	<u>116.2</u>

Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The designated posts are; Vice Chancellor, Deputy Vice Chancellor, Pro Vice Chancellor, Registrar, Director of Finance & Resources, Head of Communications, Head of Operations, Dean: Quality, Audit & Review (2014-15 only), Director of CAWCS, Director of UW Press and Director of Gregynog.

Year Ended 31 July 2016 £'000	Year Ended 31 July 2015 £'000
<u>675</u>	<u>730</u>

Notes to the Financial Statements for the year ended 31 July 2016

7 Staff costs (continued)**Council Members**

The University 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 are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

During 2015-16 there were no transactions which required disclosure.

No Council member has received any remuneration from the group during the year (2015 - none).

The total expenses paid to or on behalf of sixteen Council members was £11,565 (2015 - £9,254 to sixteen Council members). This represents travel and subsistence expenses incurred in attending Council and other committee meetings in their official capacity.

Notes to the Financial Statements for the year ended 31 July 2016

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and Other Finance Costs					
Net charge on USS pension scheme	16	14	14	13	13
Net charge on UWSS pension scheme	16	74	74	48	48
		<u>88</u>	<u>88</u>	<u>61</u>	<u>61</u>

9 Other Operating Expenses

Residences, Catering & Conferences	681	681	551	551	
Fellowships, Scholarships & Prizes	60	60	99	99	
Recurrent Costs of Premises	458	368	477	397	
Maintenance of Premises	45	42	111	111	
Other Services Rendered - Collaborative Provision	1,697	1,697	1,594	1,594	
Other Services Rendered - Other Services	51	51	59	59	
Central Administration Costs	328	328	398	398	
Other Central Services of the University	440	440	578	578	
Research Grants and Contracts	370	370	299	299	
External Auditors' Remuneration	24	21	20	20	
External Auditors' Remuneration : Non-Audit Services	3	3	3	3	
Internal Auditors' Fee	26	26	23	23	
Other Expenses	553	400	443	345	
		<u>4,736</u>	<u>4,487</u>	<u>4,655</u>	<u>4,477</u>

Analysis of Total Expenditure by Activity

Consolidated	Staff Costs £'000	Other Operating Expenses £'000	Depreciation, Interest & Other Finance Costs £'000	Total 2016 £'000	Total 2015 £'000
Finance and Resources	955	666	85	1,706	1,774
Registry Directorate	1,013	1,697	-	2,710	2,661
General Education	175	156	-	331	306
Welsh Centre for Equity in Education	101	6	-	107	113
Gregynog Hall	680	680	41	1,401	1,211
University Press	359	304	13	676	742
Centre for Advanced Welsh & Celtic Studies					
- funded from Research Grants	264	287	-	551	621
- funded from other sources	948	181	37	1,166	1,172
Dylan Thomas Centre	82	345	107	534	536
Fellowships, Scholarships, etc.	-	18	-	18	22
Other Activities	(24)	147	-	123	286
Subsidiary Companies	239	249	126	614	393
Early Retirements, Redundancies, and Compensation Payments	133	-	-	133	41
Pension Scheme Service Costs	127	-	88	215	322
Total Year Ended 31 July 2016	<u>5,052</u>	<u>4,736</u>	<u>497</u>	<u>10,285</u>	<u>10,200</u>
Total Year Ended 31 July 2015	<u>5,098</u>	<u>4,655</u>	<u>447</u>	<u>10,200</u>	

Notes to the Financial Statements for the year ended 31 July 2016

10 Fixed Assets

	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Consolidated			
Cost			
At 1 August 2015	3,622	2,420	6,042
Additions	-	576	576
Disposals	-	(16)	(16)
At 31 July 2016	<u>3,622</u>	<u>2,980</u>	<u>6,602</u>
Depreciation			
At 1 August 2015	1,012	1,065	2,077
Restatement for the year	-	(44)	(44)
Charge for the year	107	302	409
Disposals	-	(16)	(16)
At 31 July 2016	<u>1,119</u>	<u>1,307</u>	<u>2,426</u>
Net Book Value			
At 31 July 2016	<u>2,503</u>	<u>1,673</u>	<u>4,176</u>
At 31 July 2015	<u>2,610</u>	<u>1,355</u>	<u>3,966</u>
University			
Cost			
At 1 August 2015	3,622	1,929	5,551
Additions	-	8	8
Disposals	-	(16)	(16)
At 31 July 2016	<u>3,622</u>	<u>1,921</u>	<u>5,543</u>
Depreciation			
At 1 August 2015	1,012	974	1,986
Charge for the year	107	176	283
Disposals	-	(16)	(16)
At 31 July 2016	<u>1,119</u>	<u>1,134</u>	<u>2,253</u>
Net Book Value			
At 31 July 2016	<u>2,503</u>	<u>787</u>	<u>3,290</u>
At 31 July 2015	<u>2,610</u>	<u>955</u>	<u>3,565</u>

Notes to the Financial Statements for the year ended 31 July 2016

11 Non-Current Investments

Consolidated	Fixed Assets Investments	Endowment Assets Investments	Other Investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	10,005	7,041	186	17,232
Additions	-	-	38	38
Disposals	(1,700)	-	-	(1,700)
Increase in Market Value of Investments	75	52	-	127
At 31 July 2016	<u>8,380</u>	<u>7,093</u>	<u>224</u>	<u>15,697</u>
University	£'000	£'000	£'000	£'000
At 1 August 2015	10,005	7,041	500	17,546
Additions	-	-	-	-
Disposals	(1,700)	-	-	(1,700)
Increase in Market Value of Investments	75	52	-	127
At 31 July 2016	<u>8,380</u>	<u>7,093</u>	<u>500</u>	<u>15,973</u>

12 Other Investments.

Consolidated. International University Malaya-Wales.

The University owns 100% of the issued share capital of £1 ordinary shares of Awen Wales Limited, a company, registered in England and Wales and operating in the U.K. Through the company, as at 31 July 2016, the University had taken up 7% of a maximum 40% investment in the International University Malaya-Wales, a joint venture initiative between the University of Malaya and the University of Wales. The trustees believe that the carrying value of the investment is supported by its underlying net assets.

University. UW Centre for Advanced Batch Manufacture Limited.

The University owns 50% of the issued share capital of £1 ordinary shares of UW Centre for Advanced Batch Manufacture, a company, registered in England and Wales, and operating in the U.K. This is a joint venture company owned equally by the University and University of Wales Trinity St David, with the latter holding the remaining 50% of the share capital. The University has control of the company and therefore the accounts of the company have been consolidated into these Financial Statements. See further detail overleaf.

Notes to the Financial Statements for the year ended 31 July 2016

12 Other Investments - continued

UW Centre for Advanced Batch Manufacture Limited.

	Year ended 31 July 2016		Year ended 31 July 2015	
	£'000	£'000	£'000	£'000
Income and expenditure account				
Income		259		40
Expenditure		617		392
Deficit before tax		<u>(358)</u>		<u>(352)</u>
Deficit attributable to Minority Interest		<u>(179)</u>		<u>(176)</u>
Balance sheet				
Fixed assets		886		400
Current assets				
Stock	6		-	
Debtors	83		26	
(Overdraft) / Cash	<u>(164)</u>		<u>223</u>	
		(75)		249
Creditors: amounts due within one year	(90)		(1)	
Creditors: amounts due after more than one year	<u>(431)</u>		-	
Net Assets		<u>(521)</u>		<u>(1)</u>
		<u>290</u>		<u>648</u>
Capital and Reserves				
Share Reserve:				
University of Wales	500		500	
University of Wales Trinity St David	<u>500</u>		<u>500</u>	
		1,000		1,000
Income & Expenditure Account		<u>(710)</u>		<u>(352)</u>
Total Shareholder's Funds		<u>290</u>		<u>648</u>
Minority Interest		<u>145</u>		<u>324</u>

Notes to the Financial Statements for the year ended 31 July 2016

13 Stock

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences & Catering	35	35	36	36
Books for resale	134	134	120	120
Other	16	10	15	15
	<u>185</u>	<u>179</u>	<u>171</u>	<u>171</u>

14 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research Grants Receivables	125	125	98	98
Other Trade Receivables	1,507	1,612	1,787	1,783
Loans Due	-	-	370	370
Icelandic Bank Deposits Impairment	64	64	71	71
Prepayments	389	364	264	242
	<u>2,085</u>	<u>2,165</u>	<u>2,590</u>	<u>2,564</u>

15 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
Trade Payables	348	326	623	622
Secured Loan	63	-	-	-
Social Security and Other Taxation Payable	137	137	139	139
Receipts in Advance: Collaborative Provision Fees	-	-	9	9
Receipts in Advance: Other	39	39	48	48
Accruals	531	526	652	652
Welsh Church Act balances	1,104	1,104	105	105
Higher Education Purchasing Consortium Wales	135	135	128	128
	<u>2,357</u>	<u>2,267</u>	<u>1,704</u>	<u>1,703</u>

Note.

The Welsh Church Act balances represent those amounts held on the Capital and Revenue Accounts of the Beneficiaries Funds. These balances are distributed annually in arrears to the beneficiaries under the Welsh Church Acts; namely the university institutions at Aberystwyth, Bangor, Cardiff and Swansea (3/16ths each), the University of Wales itself and the National Library of Wales (1/8th each). Therefore of the balance of £1,104,215 shown above, £138,026 is for the benefit of the University.

16 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
Secured Loan	431	-	-	-
	<u>431</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 July 2016

17a Provisions for Pension Liabilities

Consolidated and University	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on UWSS Pension £'000	Total Pensions Provisions £'000
At 1 August 2015	615	1,986	2,601
Utilised in year	(31)	(265)	(296)
Additions in 2015/16	61	2,312	2,373
At 31 July 2016	645	4,033	4,678

USS deficit

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 the future number of employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

UWSS deficit

The University sponsors the University of Wales Superannuation Scheme (UWSS) and, through the trustees of the scheme, is responsible for ensuring that the scheme is appropriately funded. Independent actuaries value the scheme and as at 31 July 2016 had assessed that the scheme had a net defined benefit liability. The provision recognises the liability of the University in meeting this liability should the scheme be wound up.

17b Provisions for Other Liabilities

	Consolidated £'000	University £'000
At 1 August 2015	-	-
Additions in 2015/16	205	205
At 31 July 2016	205	205

The provision recognises a potential compensation payment due to be met by the University in respect of a legal dispute which is expected to be settled within the next financial year.

Notes to the Financial Statements for the year ended 31 July 2016

18 Endowment Reserves

Net assets relating to endowments are as follows:

	Note	Restricted Permanent Endowments £'000	Unrestricted Permanent Endowments £'000	Year Ended 31 July 2016 Total £'000	Year Ended 31 July 2015 Total £'000
Balances at 1 August 2015					
Capital		5,687	482	6,169	5,978
Accumulated income		2,384	-	2,384	2,286
		8,071	482	8,553	8,264
Investment income	5	179	13	192	201
Other Income		-	-	-	6
Expenditure		(128)	(13)	(141)	(109)
		51	-	51	98
Increase in Market Value of Investments		49	3	52	191
At 31 July 2016		8,171	485	8,656	8,553
Represented by:					
Capital		5,736	485	6,221	6,169
Accumulated income		2,435	-	2,435	2,384
		8,171	485	8,656	8,553
Analysis by type of purpose:					
Scholarships		4,998	-	4,998	4,946
Prize Funds		544	-	544	535
General		2,629	485	3,114	3,072
		8,171	485	8,656	8,553
Analysis by asset:					
Current and Non-Current Asset Investments		6,612	481	7,093	7,040
Cash & Cash Equivalents		1,559	4	1,563	1,513
		8,171	485	8,656	8,553

Notes to the Financial Statements for the year ended 31 July 2016

19 Restricted Reserves

Reserves with restrictions are as follows:

	(a) Gregynog Non-Distributable Capital Reserve		(b) Revaluation Reserve - Fixed Asset Investments	
	Year ended 31 July 2016	Year ended 31 July 2015	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000	£'000	£'000
Balances at 1 August 2015	603	614	6,949	7,941
Movement on Reserves	(11)	(11)	-	-
Appreciation of Market Value of Fixed Asset Investments	-	-	75	321
Realisation of Market Value of Fixed Asset Investments	-	-	(1,186)	(1,313)
	-	-	(1,111)	(992)
At 31 July 2016	592	603	5,838	6,949

20 Cash and cash equivalents

	Note	At 1st August 2016 £'000	Cash Flows £'000	At 31st July 2015 £'000
Current Assets		(1,172)	(361)	(811)
Endowment Reserves	18	1,563	50	1,513
Consolidated		391	(311)	702
University		391	(88)	479

Notes to the Financial Statements for the year ended 31 July 2016

21 Contingent Liabilities

The University is a member of UMAL, a company limited by guarantee, formed to provide a mutual association for insurance risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using an internal loan facility over seven years.

22 Lease Obligations

Total rents payable under operating leases

Consolidated and University

	Equipment £'000	Year Ended 31 July 2016 Total £'000	Year Ended 31 July 2015 Total £'000
Payable During Year	<u>52</u>	<u>52</u>	<u>-</u>
Future minimum lease payments due:			
Not later than one year	82	82	-
Later than one year and not later than five years	412	412	-
Later than five years	137	137	-
Total Lease Payments Due	<u>631</u>	<u>631</u>	<u>-</u>

23 Related Party Transactions

Due to the nature of the University's operation and the composition of Council (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures. No transactions require disclosure under Financial Reporting Standard 102, section 33, Related Party Disclosures.

Notes to the Financial Statements for the year ended 31 July 2016

24. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS).

(a) Universities Superannuation Scheme

Significant Accounting Policies

Throughout the current and preceding periods USS (the scheme) was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the Second State Pension (SP2). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' 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 Section 28 of FRS 102 'Employee 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. Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contribution payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

Critical Accounting Judgements

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors of USS are satisfied that the scheme provided meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Notes to the Financial Statements for the year ended 31 July 2016

24 Pension Schemes - continued

(a) Universities Superannuation Scheme

The total costs charged to the profit and loss account are £30,000 (2015: £241,000) as shown in notes 7 and 8.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method.

Since the University cannot identify its share of scheme assets and liabilities the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004 which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year, 4.0% thereafter.
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ['light'] YoB tables - no age rating.
Female members' mortality	99% of S1NA ['light'] YoB tables - rated down 1 year.

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted.

The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 years	24.3	24.2
Females currently aged 65 years	26.5	26.4
Males currently aged 45 years	26.4	26.3
Females currently aged 45 years	28.8	28.7

The summary of the scheme assets and liabilities:

	2016	2015
Scheme assets	£49.8 bn	£49.1 bn
Scheme liabilities	£58.3 bn	£60.2 bn
FRS 102 total scheme deficit	£8.5 bn	£11.1 bn
FRS 102 total funding level	85%	82%

Notes to the Financial Statements for the year ended 31 July 2016

24. Pension Schemes - continued

(b) University of Wales Superannuation Scheme

The University sponsors the University of Wales Superannuation Scheme, a funded defined benefit pension scheme in the United Kingdom. The scheme is set up on a tax relieved basis as a separate trust independent of the University and is supervised by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

Active members of the scheme pay contributions at the rate of 7.5% of pensionable salary and the University pays the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates. The University also makes contributions in respect of future service benefits, death-in-service costs and administration expenses.

The Trustees and the University agreed that in order to address the funding deficit disclosed, following the Funding Valuation at 31 July 2013, contributions of £26,000 per annum would be paid by the University for a period of five years which commenced on 1 August 2014. These contributions will be paid in equal monthly instalments.

A formal actuarial valuation was carried out as at 31 July 2013. The results of that valuation have been projected to 31 July 2016 with allowance for payroll and benefit information and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

Financial Assumptions	31 July 2016	31 July 2015	31 July 2014
Rate of increase in salaries	3.45%	3.80%	3.75%
Rate of increase in pensions and deferred benefits	2.20%	2.55%	2.50%
Discount rate	2.35%	3.60%	4.20%
Inflation assumption	3.10%	3.45%	3.40%

The mortality assumptions for 2016 are based on the SAPS S2PxA tables with improvement rates in line with CMI 2014 with a 1.25% long term rate. Assumptions for 2014 and 2015 were based on the PNxA00 medium cohort tables with 1% improvements per annum. The assumed life expectations on retirement at age 65 are:

Males -	born in 1951:	20.4	24.2	24.2
	born in 1971:	24.1	26.0	26.0
Females -	born in 1951:	24.5	26.4	26.4
	born in 1971:	26.4	28.2	28.2

The assets of the scheme were:

	£'000	%	£'000	%	£'000	%
Equities	3,709	43.3%	6,526	77.1%	5,900	75.7%
Bonds	1,055	12.3%	1,339	15.8%	1,192	15.3%
Property	68	0.8%	115	1.4%	68	0.8%
Other (includes net current assets)	3,735	43.6%	482	5.7%	640	8.2%
Total assets	8,567	100%	8,462	100%	7,800	100%

Notes to the Financial Statements for the year ended 31 July 2016

24. Pension Schemes - continued

(b) University of Wales Superannuation Scheme

The amounts recognised in the statement of financial position are as follows:

	31 July 2016 £'000	31 July 2015 £'000 (restated)
Defined benefit obligation	(12,600)	(10,448)
Fair value of plan assets	8,567	8,462
Net defined benefit liability	<u>(4,033)</u>	<u>(1,986)</u>

The amounts recognised in the Consolidated Statement of Comprehensive Income and Expenditure are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss. Remeasurements of the net defined benefit liability are included in other comprehensive income.

Service cost:

Current service cost (net of employee contributions)	331	235
Administration expenses	45	52
Net interest expense	74	48
Charge recognised in profit or loss	<u>450</u>	<u>335</u>

Remeasurements of the net liability:

Return on scheme assets (excluding amount included in net interest expense)	223	(344)
Actuarial losses	1,639	1150
Charge recorded in other comprehensive income	<u>1,862</u>	<u>806</u>

Total defined benefit costs

<u>2,312</u>	<u>1,141</u>
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Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 August 2015	8,462	(10,448)	(1,986)
Benefits paid	(273)	273	-
Administration expenses	(45)	-	(45)
Current service cost	-	(331)	(331)
Contributions from the employer	265	-	265
Contributions from the employees	76	(76)	-
Interest income / (expense)	305	(379)	(74)
Return on scheme assets (excluding amount included in net interest expense)	(223)	-	(223)
Actuarial losses	-	(1,639)	(1,639)
At 31 July 2016	<u>8,567</u>	<u>(12,600)</u>	<u>(4,033)</u>

The return on plan assets was:

	31 July 2016 £'000	31 July 2015 £'000
Interest Income	305	327
Return on scheme assets (excluding amount included in net interest expense)	(223)	344
Total return on plan assets	<u>82</u>	<u>671</u>

Notes to the Financial Statements for the year ended 31 July 2016

25 Transition to FRS102 and the 2015 SORP. Consolidated Financial Statements.

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's consolidated financial position, financial performance and cash flows is set out in the following tables.

Consolidated Balance Sheet	Notes	1 August 2014 Effect of transition to 2015 SORP			31 July 2015 Effect of transition to 2015 SORP		
		2007 SORP £'000	2015 SORP £'000	2015 SORP £'000	2007 SORP £'000	2015 SORP £'000	2015 SORP £'000
Non-current assets							
Fixed Assets	1	2,412	1,070	3,482	2,934	1,032	3,966
Investments	2	11,534	7,036	18,570	10,002	7,230	17,232
Other Investments	3	186	(186)	-	186	(186)	-
		<u>14,132</u>	<u>7,920</u>	<u>22,052</u>	<u>13,122</u>	<u>8,076</u>	<u>21,198</u>
Endowment assets	4	<u>8,264</u>	<u>(8,264)</u>	<u>-</u>	<u>8,556</u>	<u>(8,556)</u>	<u>-</u>
Current assets							
Stock		193	-	193	171	-	171
Trade and other receivables		3,541	-	3,541	2,590	-	2,590
Cash and cash equivalents	5	(753)	1,415	662	(817)	1,519	702
		<u>2,981</u>	<u>1,415</u>	<u>4,396</u>	<u>1,944</u>	<u>1,519</u>	<u>3,463</u>
Less: Creditors: amounts falling due within one year	6	<u>(2,218)</u>	<u>(121)</u>	<u>(2,339)</u>	<u>(1,539)</u>	<u>(165)</u>	<u>(1,704)</u>
Net current (liabilities)/assets		<u>763</u>	<u>1,294</u>	<u>2,057</u>	<u>405</u>	<u>1,354</u>	<u>1,759</u>
Total assets less current liabilities		<u>23,159</u>	<u>950</u>	<u>24,109</u>	<u>22,083</u>	<u>874</u>	<u>22,957</u>
Provisions							
Pension liability	7	<u>(1,159)</u>	<u>(374)</u>	<u>(1,533)</u>	<u>(1,986)</u>	<u>(615)</u>	<u>(2,601)</u>
Total net assets		<u>22,000</u>	<u>576</u>	<u>22,576</u>	<u>20,097</u>	<u>259</u>	<u>20,356</u>
Deferred capital grants	8	<u>591</u>	<u>(591)</u>	<u>-</u>	<u>533</u>	<u>(533)</u>	<u>-</u>
Endowment Funds	9	<u>8,264</u>	<u>(8,264)</u>	<u>-</u>	<u>8,553</u>	<u>(8,553)</u>	<u>-</u>
Restricted Reserves							
Income and expenditure reserve - endowment reserve	9	-	8,264	8,264	-	8,553	8,553
Income and expenditure reserve - restricted reserve		614	-	614	603	-	603
Pension Reserve	10	<u>(1,159)</u>	<u>1,159</u>	<u>-</u>	<u>(1,986)</u>	<u>1,986</u>	<u>-</u>
Unrestricted Reserves							
Income and expenditure reserve - unrestricted	11	5,762	(128)	5,634	5,121	(1,194)	3,927
Revaluation reserve		7,928	-	7,928	6,949	-	6,949
Total Reserves		<u>13,145</u>	<u>9,295</u>	<u>22,440</u>	<u>10,687</u>	<u>9,345</u>	<u>20,032</u>
Minority Interest		-	-	-	324	-	324
Total Funds		<u>22,000</u>	<u>440</u>	<u>22,440</u>	<u>20,097</u>	<u>259</u>	<u>20,356</u>

Notes to the reconciliation of reserves

A one-time revaluation of the Registry building increased both the value of fixed assets and the income and expenditure reserve - unrestricted.

A decrease in the value of endowment assets was matched by an increase in value against investments and cash.

The value of subsidiary investments was moved to investments from other investments.

Deferral of income from non-exchange transactions for performance conditions not met increased the value of creditors and reduced the income and expenditure reserve - unrestricted.

Deferral of income from non-exchange transactions for performance conditions met increased the value of income and expenditure reserve - unrestricted.

The movement in the year on the staff holiday accrual increased the value of creditors and reduced the income and expenditure reserve - unrestricted.

Funding of the multi-employer pension scheme deficit increased the value of the pension liability and reduced the income and expenditure reserve - unrestricted.

A transfer of defined benefit pension liability to provisions increased the value of the pension reserve and reduced the income and expenditure reserve - unrestricted.

Reconciliation of the Consolidated Deficit for the Year

Deficit for the year ending 31 July 2015 under 2007 SORP

Net movement arising from deferral of income from non-exchange transactions subject to performance conditions not met. (CAWCS).	(1,908)
Net movement of Government grants (deferred capital grants) performance conditions being met. (CAWCS).	2
Net movement of Other grants (deferred capital grants) performance conditions being met. (Gregynog).	(38)
Net movement of Other grants received: performance conditions being met. (Dylan Thomas Centre).	(4)
Net movement relating to staff holiday accrual.	(16)
USS pension scheme current service costs recognised.	(39)
Net movement in respect of UWSS pension scheme current service costs.	(228)
Financing charge of USS pension scheme recognised.	(53)
Net movement in respect of restatement of financing charge of UWSS pension scheme.	(13)
Net movement on depreciation charge arising from one-time revaluation of Registry building	(12)
Transfer to Accumulated Income in Endowment Funds	(40)
Deficit for the year ending 31 July 2015 under 2015 SORP	<u>98</u>
	<u>(2,250)</u>

Notes to the Financial Statements for the year ended 31 July 2016

25 Transition to FRS102 and the 2015 SORP, University Financial Statements.

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

University Balance Sheet	Notes	1 August 2014			31 July 2015		
		2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Fixed Assets	1	2,412	1,070	3,482	2,533	1,032	3,565
Investments	2	11,534	6,850	18,384	10,002	7,044	17,046
Investment in Joint Venture	3	-	-	-	500	-	500
		<u>13,946</u>	<u>7,920</u>	<u>21,866</u>	<u>13,035</u>	<u>8,076</u>	<u>21,111</u>
Endowment assets	4	<u>8,264</u>	<u>(8,264)</u>	<u>-</u>	<u>8,556</u>	<u>(8,556)</u>	<u>-</u>
Current assets							
Stock		193	-	193	171	-	171
Trade and other receivables		3,541	-	3,541	2,564	-	2,564
Cash and cash equivalents	5	(753)	1,415	662	(1,040)	1,519	479
		<u>2,981</u>	<u>1,415</u>	<u>4,396</u>	<u>1,695</u>	<u>1,519</u>	<u>3,214</u>
Less: Creditors: amounts falling due within one year	6	<u>(2,218)</u>	<u>(121)</u>	<u>(2,339)</u>	<u>(1,538)</u>	<u>(165)</u>	<u>(1,703)</u>
Net current (liabilities)/assets		<u>763</u>	<u>1,294</u>	<u>2,057</u>	<u>157</u>	<u>1,354</u>	<u>1,511</u>
Total assets less current liabilities		<u>22,973</u>	<u>950</u>	<u>23,923</u>	<u>21,748</u>	<u>874</u>	<u>22,622</u>
Provisions							
Pension liability	7	(1,159)	(374)	(1,533)	(1,986)	(615)	(2,601)
Total net assets		<u>21,814</u>	<u>576</u>	<u>22,390</u>	<u>19,762</u>	<u>259</u>	<u>20,021</u>
Deferred capital grants	8	<u>591</u>	<u>(591)</u>	<u>-</u>	<u>533</u>	<u>(533)</u>	<u>-</u>
Endowment Funds	9	<u>8,264</u>	<u>(8,264)</u>	<u>-</u>	<u>8,553</u>	<u>(8,553)</u>	<u>-</u>
Restricted Reserves							
Income and expenditure reserve - endowment reserve	9	-	8,264	8,264	-	8,553	8,553
Income and expenditure reserve - restricted reserve		614	-	614	603	-	603
Pension Reserve	10	(1,159)	1,159	-	(1,986)	1,986	-
Unrestricted Reserves							
Income and expenditure reserve - unrestricted	11	5,576	8	5,584	5,110	(1,194)	3,916
Revaluation reserve		<u>7,928</u>	<u>-</u>	<u>7,928</u>	<u>6,949</u>	<u>-</u>	<u>6,949</u>
Total Reserves		<u>12,959</u>	<u>9,431</u>	<u>22,390</u>	<u>10,676</u>	<u>9,345</u>	<u>20,021</u>
Minority Interest		-	-	-	-	-	-
Total Funds		<u>21,814</u>	<u>576</u>	<u>22,390</u>	<u>19,762</u>	<u>259</u>	<u>20,021</u>

Notes to the reconciliation of reserves

A one-time revaluation of the Registry building increased both the value of fixed assets and the income and expenditure reserve - unrestricted.

A decrease in the value of endowment assets was matched by an increase in value against investments and cash.

The value of subsidiary investments was moved to investments from other investments.

Deferral of income from non-exchange transactions for performance conditions not met increased the value of creditors and reduced the income and expenditure reserve - unrestricted.

Deferral of income from non-exchange transactions for performance conditions met increased the value of income and expenditure reserve - unrestricted.

The movement in the year on the staff holiday accrual increased the value of creditors and reduced the income and expenditure reserve - unrestricted.

Funding of the multi-employer pension scheme deficit increased the value of the pension liability and reduced the income and expenditure reserve - unrestricted.

A transfer of defined benefit pension liability to provisions increased the value of the pension reserve and reduced the income and expenditure reserve - unrestricted.

Reconciliation of the University Deficit for the Year

Deficit for the year ending 31 July 2015 under 2007 SORP

Net movement arising from deferral of income from non-exchange transactions subject to performance conditions not met. (CAWCS).	(1,732)
Net movement of Government grants (deferred capital grants) performance conditions being met. (CAWCS).	2
Net movement of Other grants (deferred capital grants) performance conditions being met. (Gregynog).	(38)
Net movement of Other grants received; performance conditions being met. (Dylan Thomas Centre).	(4)
Net movement relating to staff holiday accrual.	(16)
USS pension scheme current service costs recognised.	(39)
Net movement in respect of UWSS pension scheme current service costs.	(228)
Financing charge of USS pension scheme recognised.	(53)
Net movement in respect of restatement of financing charge of UWSS pension scheme.	(13)
Net movement on depreciation charge arising from one-time revaluation of Registry building	(12)
Transfer to Accumulated Income in Endowment Funds	(40)
Deficit for the year ending 31 July 2015 under 2015 SORP	<u><u>(2,076)</u></u>

APPENDIX A

	Page
Principal Governing Body, Committees, Principal Officers, Staff and Advisers.	
University of Wales Council	52
Committees of the University Council	52 - 55
Principal Officers and Senior Management of the University	56
Advisers	56

University of Wales Council

Member Ex Officio

The Vice-Chancellor

Independent Members (up to 12)

Alun Thomas (*Chair*)

Mrs Margaret Evans (*Vice-Chair*)

Anthony Ball

Mrs Elsa Davies

Arwel Ellis Owen

Mrs Hilary Neagle

Dr Ann Rhys

His Honour Judge Eifion Roberts

Dr Elizabeth Siberry

Huw Wynne-Griffith (retired 18 July 2016)

Dr Gerald Lewis

2 vacancies

Co-opted Members

The Venerable A. J. Randolph Thomas

Vacancy

Appointed Members

Rhys Parry (*from the staff of the University*) (appointed from March 2016)

Ms Joanna Clarke (*from the staff of the University*) (stood down from March 2016)

Professor Catrin Thomas (*from the Academic Board*)

Ms Abby Jenkins (*from the Students of the University*)

Clerk and Secretary

Richard Curtis

Strategic Finance and Planning Committee

Members Ex-Officio

The Chair of Council (*Chair*)

The Vice-Chair of Council

The Vice-Chancellor

Appointed by and from the University Council

Arwel Ellis Owen

Huw Wynne-Griffith (retired 18 July 2016)

Anthony Ball

Dr Gerald Lewis

Dr Elizabeth Siberry

External co-opted Members

Mrs Eirlys Pritchard Jones

Dr Geoffrey Thomas

Audit Committee

Appointed by the University Council

Mrs Elsa Davies (*Chair*)

Mrs Hilary Neagle

External Members

Alun J Walters (*appointed by Council*)

Miss Rhian Yates (*appointed by Council*) (retired 28 June 2016)

Dr Huw Jones (*appointed by the Committee*)

Philip Thomas (*appointed by the Committee*)

Human Resources Committee

Members Ex-Officio

The Vice-Chancellor

Appointed by and from the University Council

Mrs Margaret Evans (*Chair*)

Anthony Ball

Mrs Hilary Neagle

Dr Ann Rhys

Co-opted Members

Vacancy

Vacancy

Research Enterprise and Innovation Board

Members Ex Officio

The Chair of Council

The Vice-Chancellor

Appointed by the University Council

Arwel Ellis Owen

Anthony Ball

Dr Gerald Lewis

Co-opted Members

Andrew Curl

Vacancy

Vacancy

Nominations and Governance Committee

Members Ex Officio

The Chair of Council (*Chair*)

The Vice-Chancellor

Appointed by and from the University Council

Anthony Ball

Mrs Elsa Davies

Mrs Margaret Evans

Dr Gerald Lewis

Huw Wynne-Griffith (retired 18 July 2016)

Other Council appointment

Dr Dafydd Johnston (*appointed by Council from the academic staff*)

Remuneration Committee

Members Ex Officio

The Chair of Council

The Vice-Chancellor

Appointed by the University Council

Mrs Margaret Evans (*Chair*)

Dr Ann Rhys

External Member

Vacancy

Investment Sub-Committee

Members Ex Officio

The Chair of Council

The Vice-Chancellor

Appointed by the University Council

Huw Wynne-Griffith (retired 18 July 2016)

Dr Gerald Lewis

Co-opted Members

Dr Eurfyl ap Gwilym

Lyndon Jones

Centre for Advanced Welsh and Celtic Studies (Board)

Appointed by the University Council

Arwel Ellis Owen (*Chair*)
Dr Ann Rhys

Independent Members

Professor M Wynn Thomas
Justin Albert
Dr Lynn Williams
Elfyn Llwyd

University of Wales Press (Committee)

Appointed by the University Council

Tony Ball (*Chair*)

Independent Members

Professor Ceri Davies
Adrian Driscoll
Katy Jordan
Chris Burton Brown
Professor Helen Fulton
Richard Davies

Principal Officers and Senior Management of the University

(1 August 2015 – 31 July 2016)

Visitor	HER MAJESTY THE QUEEN
Chancellor	HRH THE PRINCE OF WALES
Pro-Chancellor	The Most Revd Barry Morgan, Archbishop of Wales
Vice Chancellor & Chief Executive	Professor Medwin Hughes
Deputy Vice Chancellor	Professor Robert Brown
Chair of Council	Alun Thomas
Vice-Chair	Mrs Margaret Evans
Director of Finance and Resources	Mark Rainey
University Registrar	John McNally (retired 31 May 2016)
Independent Clerk to Council	Richard Curtis

Advisers

Independent Auditors

- External	PricewaterhouseCoopers LLP, One Kingsway, Cardiff. CF10 3PW
Auditors - Internal	Deloitte LLP, 5 Callaghan Square, Cardiff. CF10 5BT
Bankers	HSBC Bank plc, 56 Queen Street, Cardiff. CF10 2PX
Insurance Advisers	University Mutual Association Ltd, Hasilwood House, 7th Floor, 60 Bishopsgate, London. EC2N 4AW
Pensions Advisers	PricewaterhouseCoopers LLP, 31 Great George Street, Bristol. BS1 5QD
Investment Advisers	Jaggers & Associates, Exchange Quay, Salford. M5 3EQ
Solicitors	Blake Morgan, Bradley Court, Park Place, Cardiff. CF10 3DP Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT

Further information regarding the governance of the University of Wales - including the members of Council and the principal committees of Council, senior management or advisors may be requested by writing to the Clerk to Council at The University Registry, King Edward VII Avenue, Cathays Park, Cardiff CF10 3NS or by email to: clerk.council@wales.ac.uk.