



ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
31 JULY 2013

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OPERATING AND FINANCIAL REVIEW 2012/13

1. INTRODUCTION

This operating and financial review provides a broad perspective of the University's activities to enable a more informed judgment to be made of its financial performance and prospects. This is the University's fifth such review which is in accordance with the requirements of the revised Statement of Recommended Practice for accounting for further and higher education and also meets the requirements of the Charity Commission.

2. THE UNIVERSITY

The University was originally created in 1976 as West Glamorgan Institute of Higher Education as a result of the merger of Swansea College of Art, Swansea College of Education and Swansea College of Technology and was maintained until 31st March 1992 by West Glamorgan County Council. The oldest part of the University, Swansea College of Art, was founded in 1853.

On 1st April 1992 the then Institute was incorporated as a statutory higher education corporation under the terms of the Education Reform Act 1988, as implemented in Wales by Statutory Instrument Number 1976. The name was changed to 'Swansea Institute of Higher Education' at that date.

Following a lengthy period of scrutiny by the Quality Assurance Agency the Institute was granted taught degree awarding powers by Her Majesty's Privy Council in January 2008, at which time it was also granted the new title of 'Swansea Metropolitan University'.

The University's Mission is thoroughly reviewed on a regular basis and currently reads:

"Swansea Metropolitan University is a comprehensive, vocational, student-centred institution of higher education committed to widening participation, lifelong learning and the enhancement of employment opportunities. The University encourages regional, national and international access.

The University is determined to provide a stimulating, progressive and sustainable environment for learning through excellence in teaching, applied research and consultancy."

More than 80% of the University's intake is from Wales, primarily the City and County of Swansea, the County Borough of Neath Port Talbot and the Counties of Carmarthenshire, Pembrokeshire and Brecknockshire, an area which has in total a population of approximately 795,000.

On 28 September 2012 Swansea Metropolitan University was brought under the Charter of the University of Wales: Trinity Saint David, with a new Vice Chancellor from that date. Full merger will take place on 1 August 2013 following the dissolution of Higher Education Corporation of Swansea Metropolitan University by the Welsh Government Minister. This will be the final set of financial statements for Swansea Metropolitan University.

3. CHARITABLE STATUS AND PUBLIC BENEFIT DESCRIPTION

Until the 2008/09 financial year the University held the status of an exempt charity. However, following the implementation of the Charities Act 2006, the exemption was removed and the University registered with and submitted to the regulation of the Charities Commission with effect from the 2009/10 financial year. The University is registered as Charity Number 1139800.

3.1 Objects

The objects of Swansea Metropolitan University are as defined in the Education Reform Act 1988, Section 127, i.e.

- a) To provide higher education*
- b) To provide further education*
- c) To carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the Corporation think fit*
- d) To do anything which appears to the Corporation to be necessary or expedient for the purpose of or in connection with the exercise of any of the powers outlined above.*

These objects are further defined in the University's mission statement as given in 2. above

Provision of Further and Higher Education

The University provides, in conjunction with the University of Wales and other partners, an education for more than 6,000 undergraduate and graduate students, both full and part time, which is recognised by the Quality Assurance Agency as being of the required national standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the University provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the University.

Research

The University advances research through:

- providing assistance to academic staff to enable them to develop and focus on their research, both for the benefit of the research subject itself and for purposes of under-pinning their teaching on undergraduate and postgraduate taught programmes;
- supporting research work pursued by its staff and post-graduate research students through promoting interaction across disciplines, providing facilities and providing financial support for national and international conferences, research trips and research materials;
- working and interacting with other research charities (notably Cerebra);

- encouraging visits from outstanding academics from abroad; and
- encouraging the dissemination of research undertaken by members of the University through the publication of papers in academic journals or other suitable means.

The University maintains an extensive Library, so providing a valuable resource for students and staff of the University, members of other Universities, external scholars and researchers, as well as local children from maintained and other schools through educational visits, and the public through regular exhibitions.

The University does not consider that there is any detriment or harm that arises from carrying out the University's aims and is not aware of views among others that such detriment or harm might arise.

3.2 Beneficiaries

The members of the University, both students and academic staff, are the primary beneficiaries and are directly engaged in education, learning or research.

However, beneficiaries also include: students and academic staff from other Universities and educational institutions, visiting academics from other higher education institutions and visiting schoolchildren and alumni of the University who have an opportunity to attend educational events at the University or use its academic facilities. The general public are also able to attend various educational activities in the University such as exhibitions in the library and in the various Schools of the University.

The University admits as students those who have the highest potential for benefiting from the education provided by the University and recruits as academic staff those who are able to contribute most to the academic excellence of the University, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the University's objects and students and academic staff of the University are drawn from across the UK and internationally;
- there are no age restrictions in the University's objects and, due to the University's commitment to Widening Access and to accepting non-standard entry criteria, students of the University are from a wide age range; and
- there are no religious restrictions in the University's objects and members of the University have a wide variety of faith traditions or none.

The focus of the University is strongly vocational and, whilst students need to satisfy minimum academic entry requirements, the University's policy is to offer places, where appropriate, to students with the potential to benefit from higher education.

3.3 Fees and Charges

The University charges the following fees:

- a) University fees at externally regulated rates to undergraduates entitled to Student Support and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government), and a fee determined by the University annually to Overseas undergraduates and any Home/EU undergraduates not entitled to Student Support; and
- b) Fees for part-time tuition, charged either to the student or to the student's sponsoring employer. The level of these fees is determined annually by the Board of Governors.
- c) Accommodation and meal charges at reasonable rates.
- d) Studio fees to cover part of the costs of materials required by art and design students.

In order to assist undergraduates entitled to Student Support, the University provides, distance bursaries for student that have a permanent address which is more than 45 miles from the University.

In addition to its other programmes, the University operates a hardship scheme for all students in financial hardship and also operates a scheme which provides free tuition to unwaged part-time students.

To raise educational aspiration and to further the Widening Access agenda by attracting applicants who might not otherwise have considered applying to the University, the University operates an extensive outreach programme. This programme includes an extensive programme of visits to schools, visits by schools to the University, open days, admissions symposia for teachers as well as guidance and information on the University website for prospective applicants.

3.4 Employment of Staff

In order to fulfil its charitable purposes of advancing education, learning and research the University employs a significant number of academic, professional and other support staff. The Vice-Chancellor, *ex officio*, serves as a member of the Board of Governors and, as such, is a charity trustee as are three other members of staff who are periodically nominated by the Academic Board. The employment of the Vice-Chancellor and all other staff is undertaken with the intention of furthering the University's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Vice-Chancellor and other staff through salaries and employment related benefits is objectively reasonable, measured against HE sector salaries generally and, in the case of designated senior staff, is determined by a Remuneration Committee comprising entirely of lay members of the Board of Governors; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of staff, the University could not fulfil its charitable aims as a University.

The Vice-Chancellor and staff of the University may also receive benefits as beneficiaries. These comprise research grants, conference grants, book grants etc. These benefits are provided with the intention of furthering the University's aims, primarily that of advancing research. The amounts of the benefits provided are objectively reasonable, measured against the academic benefits made available to other beneficiaries of the University.

3.5 Selection and Appointment of Trustees

All other trustees on the Board of Governors are volunteers from a wide range of backgrounds, drawn from the local community, who have an affinity with higher education and, in particular, with the ethos of the University. Selection of new trustees is overseen by a Governance and Nominations Committee of the Board. Trustees receive no remuneration for their role but may claim reasonable out of pocket expenses for travel and other costs associated with their roles.

4. BOARD OF GOVERNORS

At 31st July 2013, the following were members of the University's Board of Governors:

Mrs P. Berry	Independent
Mrs. J. Burgess	Independent
Mrs. K.A. David	Co-opted (Professional staff)
Mr L. Evans	Independent
Mrs M. Evans	Independent
Mr. J. Girvin	Co-opted
Mr E. Griffiths	Independent
Mr G. Harries	Independent
Mr K. Hughes	Co-opted (appointed 16.12.09)
Professor M Hughes (from 01.10.12)	Vice Chancellor – Ex-Officio
Ms O. Hopker	Academic Board Nominee
Mr A. Hussain	Independent
Professor G.E. Jones	Co-opted
Dr. G. Lewis (Chairman)	Independent
Professor A. Liggins	Academic Board Nominee
Mr J. Williams	Students' Union representative
Mrs R. Nelson	Independent
Mr. P. Owen (Vice-Chairman)	Independent
Professor K. Robbins	Independent
Mr. G. Sambrook	Independent
Mr. A. Thomas	Independent
Dr. G. Thomas (from 01.10.12)	Independent
Professor D. Warner	Senior Provost – Ex-officio
Mrs B. Winkley	Independent

Ms S. Crouch resigned from the Board on 22 October 2012.

The Articles of Government allow the Board to conduct its business by delegation to Committees. The Board has therefore established the following seven committees, the first five of which meet on a regular basis and the other two as and when required:

- Audit Committee
- Finance, Planning and Monitoring Committee
- Personnel Committee
- Remuneration Committee
- Governance and Nominations Committee
- Special Committee: Suspension and Dismissal of Staff
- Student Appeals Committee

5. PERFORMANCE REVIEW

The University's performance is continually monitored both internally by management and the Internal Audit Service, and externally by HEFCW, the Wales Audit Office and the Quality Assurance Agency. The Academic Board and appropriate committees of the Board of Governors are informed of all significant recommendations and action plans for implementation are agreed. From a strategic viewpoint the most significant performance assessment in recent years was the Quality Assurance Agency's 2007/08 report in respect of the University's successful application for Taught Degree Awarding Powers which concluded that *'the assessors find that the (University) meets the criteria for taught degree-awarding powers, and in most instances well above the threshold level'*. This was followed by a full QAA institutional review in early 2009 which concluded that *'confidence can be placed in the soundness of the institution's current and likely future management of the quality of its academic programmes and the academic standards of its awards'*. An institutional review focusing primarily on corporate governance was carried out by the Funding Council Assurance Service in February 2009 which gave the opinion that *"the University has a framework of governance, risk management and control that is adequate to safeguard public funding"*.

The work of the Internal Audit Service is reported on in full in its Annual Report which includes the overall conclusion that *"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Swansea Metropolitan University's arrangements. For the 12 months ended 31 July 2013, based on the work we have undertaken, in our opinion there are adequate and effective governance, risk management and control arrangements in place to manage the achievement of the organisation's objectives."*

HEFCW stated in May 2011 *"We have recently completed an institutional risk review of Swansea Metropolitan University. Our overall judgement is that, currently, the University is at low risk. We have reached this assessment because we have no major concerns about the University at this time"*.

Key Strengths and Weaknesses

- The University considers that its vocational mission is one of its considerable strengths alongside its long-earned reputation for providing appropriate help and support to its students.
- Despite a recent upgrade in its management information system the University is not yet fully confident that the data supplied from this is always the best possible although significant improvements have been implemented during the last three years.
- The University's research base is small in national and international terms. However, the research base is growing, especially in Art & Design. The outcome of the 2009 Research Assessment Exercise was encouraging with three of the four subject areas submitted containing elements of world class work.

Management and the Board of Governors are satisfied that the University continues to operate efficiently, effectively and economically, retaining considerable stability in its financial performance and rigorous quality control of its academic activities. It is perhaps a little disappointing that some external agencies fail to recognise that such success and stability can be achieved within a relatively small but well-managed institution and that arguments regarding the assumed economies of scale of larger institutions are not subjected to sufficient scrutiny and criticism.

6. FACULTY HIGHLIGHTS

The University's core activities of teaching, applied research and scholarship are based in the four Faculties, each of which has had a very successful year, as outlined by the Deans' summaries which follow:

Faculty of Applied Design & Engineering

- There have been some significant staff changes. Prof Wells, Assistant Dean for Quality, became PVC (Student Experience) and Prof Mike Phillips, Head of School of Built & Natural Environment, became PVC (Research, Enterprise, Innovation & Commercialisation).
- Recruitment has been generally healthy across the Faculty, and for September 2012 we note the particularly strong figures in Applied Computing. However, the introduction of the new tuition fee model has adversely affected the Year 0 in Engineering, which is a preliminary year that caters for students with a non-standard qualification profile. However numbers remain strong even in that area, and engineering numbers at HND and degree level are robust. It is encouraging to see the increased recruitment to the Year 0 for September 2013. The pan-Wales Access to Masters (ATM) programme has enabled the Faculty to recruit full-time students onto three full-time Masters programmes in Sound Production, Animation and Applied Computing disciplines. The Faculty continues to achieve a 100% success rate for students on the ATM programme. The Faculty's success in delivering the ATM scheme has led to a significant increase in our allocation for September 2013.
- The Faculty had the largest number of full-time research students in its history. This is largely due to funding from POWIS and KESS scholarship schemes. Currently we have 25 full-time and 17 part-time research students. Furthermore, eleven academic staff are registered for PhD programmes on a part-time basis. The Faculty is actively engaged with the Vitae network for researcher development and has implemented a very successful Research Training programme that conforms to the Vitae specification.
- Student successes:
 - Continued success at the Stevens Glass competition
 - Andrew Thomas (Computing alumnus) has formed a new software company in Swansea.
 - Monoposto Formula Renault competitions at various events across the UK
 - Locost competitions
 - Team V4 Motorcycle Race team, with three wins at Pembrey Circuit.
- Staff successes include:
 - An exhibition of work by staff at 'Y Galeri' in Caerphilly, curated by Cath Brown.
 - Trevor Francis has become Chair of the Welsh sustainable & Traditional Building Skills group.
 - Prof Mike Phillips continued to lead a strong international research profile in Environmental Conservation including his role as expert advisor for a number of international research programmes.
 - Dr Glenn Jenkins was conference chair at EuroSim 2013.
- One of the continuing strengths of the Faculty is its Knowledge Transfer activities. One pleasing aspect is the increasing number of schools across the faculty that have won research grants. These include:
 - Knowledge Transfer Centre (KTC) in Ultrasonic Non destructive Testing of Composites (School of Logistics & Manufacturing Engineering)
 - Swansea Met continues to be an active member of the Media Academy of Wales, and Dr Paul Hazel is leading our contribution to the £1M Academi+ ESF training initiative, targeted at the creative digital sector.

- The Cerebra Innovation Centre (CIC) continues its excellent work, in producing original design solutions that assist brain-injured children and their carers. Cerebra is a national charity and we are pleased that some of the designs are proceeding to volume production, in partnership with external companies. Cerebra have agreed to increase their level of funding for 2013.
- Faculty participation continued in the Low Carbon Research Institute (LCRI) project in the Marine Environment, in partnership with Swansea, Aberystwyth, Bangor and Cardiff Universities.
- Participation in the pan-Wales £25M ASTUTE project in the area of Manufacturing Engineering. Swansea Met is ahead of its ASTUTE targets. The Faculty has been given an additional allocation of £20k.
- The Faculty won a Research & Innovation grant from the High Performance Computing (HPC) Wales initiative.
- The Faculty is actively engaged with the pan-Wales High Performance Computing (HPC) initiative.
- The £4.7M Institute of Sustainable Design, led by the School of Industrial Design, in partnership with CardiffMet, is now up and running, with a full complement of staff. The ISD has provided support for local industry and has arranged a number of open seminars, including the ISustain conference in the national Maritime Museum. See www.isdwales.com
- The Faculty was a major participant in the pan UK £21M HESTEM initiative, which is attempting to address the shortfall in graduates in the science, technology, engineering and mathematics disciplines. Five project, totaling approximately £300k that supported four schools within the faculty.
- The Faculty continues to develop stronger links with the regional FE sector. We provide programme Team Leaders(moderators) for HND/C and degree programmes at Pembrokeshire College, Coleg Sir Gar, Gower College and Neath & PT College.
- The faculty undertook numerous marketing events and student taster days throughout the year.
- The redevelopment of the former Central Library continues with a revised completion date of May 2014. This building will become the new home of the Swansea School of Industrial Design and the Swansea School of Glass (SSG). For the 2013-14 session, the SSG staff and students have been decanted to other buildings within the FADE estate.

Faculty of Art and Design

The main focus for this year was the merger process with University of Wales: Trinity Saint David (UWTSD). A considerable effort was made prior to the full merger to integrate the School of Creative Arts, UWTSD into the Faculty, with several meetings of the staff on both campuses and the staff and the Head of School joining the Faculty Committees. The Dean attended any meetings held to discuss the future of the School including space and resources planning meetings. This integration prior to the full merger has ensured that there was a smoother transition in the Faculty. The academic year 2012/13 was another successful year for the Faculty in both achievement and financial terms, the Faculty continues to build steadily in student numbers and achievement. In spite of the expected reduction of applications because of the introduction of higher fees there was once again a high level of recruitment both in the undergraduate and taught masters programmes, with the target exceeded by 9%, and a very good level of retention.

There was again considerable discussion regarding recruitment for 2013/14. The Faculty once again planned for a lower application rate than in 2012, and again increased the intensity of marketing visits, Open Days and mail-outs. The interviewing system is under continual review to provide the best possible experience for the applicants, before, during and after interview. This resulted in good conversion rate and recruitment for 2013/14 and the Faculty has met targets and in some programmes exceeded them.

As with the previous year additional funds reallocated to the Faculty from staff time allocated to European Funded projects and Commercial Services was invested in the Faculty. Additional projects and teaching to minimise the already very low withdrawal rate, predicting that students paying increased fees expect a high level of facilities. These additional funds enabled the Faculty upgrade resources in each programme area they also enable additional teaching; extra activities such as organised work placements, project and further exhibition/ catalogue support to be supported.

The number of graduates from the Faculty increased again with a high proportion of first class honours. Students, recent graduates and staff were successful in competitions and awards, from across the whole Faculty, a few of the many examples of these include;

- Two members of staff were selected for a month long Artist in Residence programme in the prestigious Sichuan Institute of Fine Arts, fully funded by the Arts Council.
- Lecturer in photography has been awarded the 'Landing Commission' by the National Museum of Wales.
- A Year 3 student was nominated in Music Media category and a 2011 Graduate won the Experimental category at Ffresh Film Festival 2013.
- Eight graduates from 2012 and two current students were selected for screening at the London Screen Test Film Festival.
- Graduates and students of the BA Digital Film and TV Production were also selected for the Cardiff Mini Film Festival with two category awards, winner -Best Action/Thriller and runner up in the Female Director Category.
- Madeira Threads company selected a student as one of only four sponsored UK students to display their work at the Fashion Embroidery and Stitch show in March 2013 in NEC, Birmingham.
- In the South Wales Colleges Competition run by The National Wool Museum a second year's product won first prize and is being put into production. Another second year won first prize in the Textile Art section.
- Current Fine Art students were selected for the Welsh Artists of the Year show in summer 2012 and also exhibited in a group show in Vienna in summer 2012.
- Two lecturers in the Faculty were awarded the prestigious Creative Wales Award.
- MA student curated *In Other Words* at the Bath Fringe Festival, May 2013.
- Fine Art and Photography Graduates of 2012 were included in a showcase of recent graduates work at the Millennium Centre in Cardiff in summer 2012.
- A Senior Lecturer held an exhibition at the Casa de Culyura, Brazil during December 2012; she was also keynote speaker at the conference *The Body in Discourse*, Uberlander University, Brazil.

The graduate shows in Swansea and London and New Designers in London created a lot of interest in our graduates and resulted work opportunities for example:

- Year 3 students in Advertising and Brand Design are working with a variety of external clients including; SURVIVA, Bobadeg and Edgar Wallace.
- Probably the most well-known employers of our 2012 graduates from BA Surface Pattern Design programmes are Monsoon, Laura Ashley, Toast, Burberry, Lush, Ella Doran, Kew Gardens and Jimmy Choo. These are the 'famous' names but there are a good number of other companies currently employing graduates. The positions include print designers, interior designers, design assistants, upcyclers with a number of small companies, and a variety of internships.
- A Photojournalism graduate has taken on a new position as a picture editor at Time Magazine

A considerable number of community projects have been undertaken, and plans have been put forward to employ a Community Engagement Project Manager in the Faculty.

- Two projects that continue to be successful are the Saturday Arts School (for 14-18, and adults), which are very popular and recruit from Communities First areas, and Arts in Action, which grows from strength to strength each year.
- An Education Officer, Amanda Roberts has been appointed to work with Tonto Films. She will organise visits; work/placement opportunities and ensure that publicity is maximised. This is an exciting appointment for the Faculty and University.
- A Year 2 student is working with Criw Olion, a small group of young people (all NEET or at risk of becoming NEET) teaching them camera skills, editing, film making. He is supported by guest student appearances as they cover different genres. They will showcase the film at the Olion Youth Arts Festival.
- The widening Access project the "Eliffant Tregaron" Project, was shortlisted for a Times Education Award for Widening Participation in November 2012.
- BA Fine Art student is writing festival reviews for festivalkidz.com after worked on the children's field at Shambala Festival in the summer. She also worked as a site manager for Gŵyl Llenyddiaeth Dinefwr Literature Festival in June 2012 at Newton House
- Film and Media students have just completed work on a National Trust documentary production at Dinefwr Park and Castle.

The number of funded projects under the umbrella project The Creative Industries Research and Development Centre (CIRIC) is reduced but the Centre is still very active with two new projects.

- The new Interreg project ACT (Advanced Communication Technologies), launched in October 2012 received 3 years funding, working with the same partner as was the CIME project, the South East Regional Authority of Ireland.
- A bid for the second Moving Image Wales project was successful with MIW2 starting in the summer of 2013. The previous MIW project received extension funds up until the start of the new project.

There has once again been a considerable amount of very favourable press and television coverage over the past year, for the Faculty, enabling the further development of an international profile. Several members of staff were featured on international television, for example the Dean of Faculty together with a technician in the Faculty appeared on television in India, discussing their exhibition Uncertain Terrain –the Garden, a lecturer in photography appeared in a television series The Exhibitionists.

Faculty of Business and Management

The Faculty is made up of two schools viz. Swansea Business School (SBS) and the School of Public Service Leadership (SPSL). SBS recruited exceptionally well to its undergraduate portfolio, which includes a broad range of business management and leisure, events, tourism and sports management pathways. Once again in Sept 2012, The Sports Management Pathway proved particularly popular for entrants as did Events Management, however Business and Management remain the ‘cash cows’ for the Faculty, attracting some 30plus full fee paying non EU students (mainly from North Africa and the Middle East) at level 4 and another healthy cohort of 55plus from China at Level 6, thanks to the Articulation Agreement in place with Wuhan University of Technology.

SPSL undergraduate programmes continued their impressive growth recruiting well to both the Public Services and Health & Social Care portfolios. The Team decided to extend their portfolio for 2013 entry by adding a Health Management pathway for the revalidation/quinquennial review exercise.

For the first time, total undergraduate numbers for the Faculty exceeded 1000 by November 2012. The postgraduate portfolio consists of a number of MBA pathways, which recruit well in the international market. The majority of full time students, although slightly down on 2011/12 numbers, total approx 130, hailing mostly from China and South Asia with a small cohort of 10 from the local market studying part time. The Faculty also entered into agreements with two reputable colleges in London, one with Tier 4 Home Office Status, one with Level 3 status. These colleges deliver the Edexcel Postgraduate Diploma at Level 7 to full fee paying non EU students who then apply for APL to transfer to Swansea Business School for Part Two of the MBA.

The Faculty continues its strong relationship with the CIPD and offers the prestigious CIPD foundation, intermediate and postgraduate awards, enrolling in the region of 70 students in 2012/13. The Faculty also validated an MA portfolio in Human Resource Management and Human Resource Development, specifically targeted at the Level 7 as a ‘top-up’ route.

Having exceeded funded HEFCW targets and international income exceeding £2million (gross), 2012/13 can be viewed as a very successful financial year for the Faculty, particularly when staff/student ratios are taken into account. As at November 2012, total student numbers amounted to an impressive 1530 students. Regarding staffing, the Faculty is deemed to be exceptionally efficient with 26.4 full time equivalent (FTE) academic staff and 3.5 FTE professional staff as at June 2013. With one FTE on secondment and one on long term sick, this amounts to 24.4 actually delivering teaching in 12/13. The vast majority of full time academic staff teach between 14-18 hours per week in line with University guidelines, and all take on additional roles such as programme director or year tutor. The Faculty also has a bank of approximately 50 hourly paid part-time staff it can call on to teach specialist subjects such as Emergency and Disaster Management (Public Services) and to cover dissertations. Part time hours allocation for 2012/13 was 6000 and thanks to efficiencies, only 5175 were used.

Swansea Business School continues to deliver its MBA at the Hameenlinna University of Applied Sciences outreach centre in central Finland. This brings in additional income and is viewed as an excellent staff development tool, as the demanding students are mostly high profile engineers, many with PhDs, working for companies such as Nokia.

The Faculty met its staff development objectives with at least six colleagues publishing in highly rated journals and/or delivering papers at prestigious conferences. Four staff currently hold PhDs or equivalent. One holds an MPhil; three are completing taught masters’ programmes, meaning that all Faculty full time staff will hold masters’ degrees by the end of the 2013/14 session, in line with the University’s sustainable research policy. A further ten colleagues are either enrolled on or have made a firm commitment to undertaking a higher degree by research.

The Faculty also met its quality objectives for 2011/12 and these can be measured by success in its National Student Survey (NSS) results and external examiner reports, all of which were complimentary to the Faculty staff and delivery overall, the Faculty 's NSS results overall being by far the best of the former SMU faculties in 2012/13. In August 2012, a new, 20 credit model MBA was validated to ensure commonality of delivery across the UWTSD group for 12/13 and during 13/14, we plan to revalidate all of our undergraduate programmes for the same reason.

Externality is a priority, particularly for Swansea Business School, as it strives to build the SBS brand in a highly demanding and competitive, regional, national and international market place. Monthly conferences are held in conjunction with the Swansea Branch of the Chartered Institute of Management and a number of high profile guest speakers are invited throughout the year. This culminated in the annual Swansea Business School St. David's Day Lecture in early March. Probably the most significant event for the Faculty was the move into new premises at Tŷ Bryn Glas Campus, the former Land Registry building at Powell Street in Swansea city centre. This was renamed the Swansea Business School and, the Faculty moved in with its 1500plus students in January 2013.

In conclusion, 2012/13 was another highly successful year for the Faculty in terms of quality, externality, recruitment, international activity and income generation. 2013/14 will prove to be a significant challenge as we merge with the School of Business, based on the Carmarthen, Lampeter and London campuses. A fast declining home undergraduate market, and an the international market subjected to threats of a variety of forces in its environment, not least UKBA restrictions and serious competition from universities in other English speaking countries, will present serious challenges. The Faculty, however, is building on a strong base with excellent products and strong brands and looks to the future with confidence.

Faculty of Humanities

Faculty of Humanities (Swansea) Report 2012-13

This will be the final report of the Faculty of Humanities in Swansea.

In April 2013, prior to a restructuring exercise undertaken in the South West Wales Centre of Teacher Education, responsibility for the School of Education moved to Gwilym Dyfri Jones while Professor Ken Jones retained responsibility as Dean of the School of Social Sciences and Performing Arts until the end of the Academic Year. In September 2013 Professor Jones retired fully as Dean and the former Faculty of Humanities divided into three new Faculties (Teacher Education, Social Sciences and Performance) located on the Swansea and Carmarthen Campuses.

A summary of key events in the two component areas of the Faculty of Humanities follows below:

School of Social Sciences and Performing Arts 2012 – 2013

a) Psychology

- 100% returns were achieved in the National Student Survey.
- Students achieved BPS (British Psychological Society) student awards at the annual Welsh Conference.
 - 1st prize for poster presentation.
 - 2nd prize for oral presentation.
- Research grants were awarded from Cerebra, Tenovus, HEA and Welsh Government. These grants demonstrate the high quality and high profile research activity which exists alongside teaching in this small team of dedicated staff.

b) Counselling

- 100% returns were achieved in the National Student Survey.
- Following discussions with the local community, a successful Counselling service has been set up using the professional expertise of staff in the Centre..
- Following excellent discussions with the South Wales Fire and Rescue Service, the Counselling Team has delivered a very successful course on Embedded Helping skills (the team has been asked to repeat course within a year).

c) Education Studies

- A member of Programme Team was elected Chair of the British Education Studies Association for 2013 and used the opportunity to host a very successful conference in Swansea in June 2013.
- 2 students were elected to senior positions in University's Student Union.
- The Establishment of new community engagement projects was particularly pleasing, bringing staff and students into deeper work with local community groups.
- Students led the Reading Dragons project (with local schools) supporting the development of literacy in young children.

d) Performing Arts

- Barnardo's Interns (students selected as interns with the charity) have used drama as an engagement tool and the Performing Arts team have been instrumental in leading development sessions in this and with other groups such as supply teachers..
- Blaengwawr Comprehensive School Aberdare – Students on Applied Drama Programme worked with pupils from the School's Communication Difficulties Unit (Children with autism spectrum disorders). This was both professionally rewarding and fruitful for the school's participants.
- Many students volunteered to work with over 250 14 – 19 year old NEETs (not in Education, Employment or Training) in and around Swansea.
- Students worked with Volcano, Unknown Pleasures and a production with visiting professionals in Swansea.
- A number of students graduated with success stories such as working with the BBC, the National Theatre of Wales and Tonto Studios.

Swansea School of Education 2012-13

Primary and Secondary PGCE, Teach First and SWWCTE

- Successful revalidation of the PGCE programmes took place, including transformative change in the delivery and structure of the programmes to meet the rapidly changing requirements of government in the selection and initial training of prospective teachers
- Detailed responses to Estyn were made in the post-inspection Action Plan required as part of the inspection process
- Jan Barnes has a place on the Welsh Government working group to establish a new curriculum for Computer Science. The University is one of the lead partners in delivering training in this cutting edge curriculum area.

- The Centre won the contract to lead the Teach First initiative in Wales and the first cohort of trainees started. The initiative was marked by a formal launch with Prince Charles in summer 2013
- The Centenary of Townhill building, celebrating its links with initial teacher education and training, was held in September
- The review of ITT in Wales conducted by Ralph Tabberer collected its evidence
- The summer term was marked by the restructuring of ITET in Swansea and Carmarthen. A number of changes to staff occurred as a result of this, significantly at senior level in the new Faculty of Teacher Education and in the secondary PGCE.

CPD

- Successful local conferences were held for primary headteachers run through UWTSD: Swansea Met. These marked the growing involvement of the University in local and national school leadership initiatives
- The Foundation Degree for Learning Support Assistants moved to the Faculty of Social Sciences following a very successful number of years in partnership with local schools and school leaders in Swansea.
- Caroline Usei has been working with Welsh Government on the all-Wales widening skills initiative and has been offered a partial secondment to Welsh Government in 2013
- The professional development programme for Supply Teachers continued to grow in strength.
- A number of staff retired including Ann Birch, Head of CPD and Helen Morris, Senior Administrative Officer.

7. TEACHING

7.1 Funding

Funding for teaching was primarily derived from a combination of HEFCW Recurrent Teaching Grant and tuition fees. Student numbers, with 2011/12 comparators, were as follows:

	Full-Time & Sandwich		Part-time	
	<i>2012/13</i>	<i>2011/12</i>	<i>2012/13</i>	<i>2011/12</i>
Foundation	49	27	63	70
First Degree	3,158	3,177	218	232
Other Undergraduate	578	504	604	639
Post Graduate Research	25	27	53	58
Post Graduate Taught	603	657	418	464
TOTAL	4,413	4,392	1,356	1,463

These figures include 478 students from outside the European Union who paid a total of £3.45m in tuition fees.

7.2 Qualifications

924 students successfully completed first degrees during the year and the majority attended the formal graduation ceremonies held at the Grand Theatre. Degree classifications were as follows:

School	Classification						Total
	I	II.1	II.2	III	Pass	Ordinary	
Faculty of Art & Design							
Applied Arts	7	15	8	1		4	35
Photography, Video and Visual Communications	35	64	43	8		11	161
Contextual Studies and Fine Art	8	11	2	2		1	24
Faculty of Business and Management							
School Of Public Service Leadership	4	19	16	6			45
Centre For Undergraduate Studies	17	51	83	39	5		195
F.A.D.E							
Built and Natural Environment	3	8	19	6	1		37
Digital Media	5	16	30	11		5	67
Applied Computing	14	22	24	7	1	10	78
Architectural Glass	1	3					4
Industrial Design	2	6	16	2			26
Automotive Engineering	15	23	14	9	1	2	64
Logistics and Manufacturing Engineering	7	19	8	5	1	1	41
Faculty of Humanities							
School Of Social Sciences & Performing Arts	3	59	69	12	2	2	147
2012/13 Totals	121	316	332	108	11	36	924
%	13%	34%	36%	12%	1%	4%	100%
2011/12 Totals	110	296	308	113	20	43	890
%	12%	33%	35%	13%	2%	5%	100%

In addition to the above, 586 (2011/12, 580) students gained Post-Graduate qualifications and approximately 92 (2011/12, 93) were awarded Edexcel Higher National awards or other qualifications.

7.3 Quality Strategy

The University has a comprehensive academic quality control strategy which is focused on two primary aims:

- the maintenance of the standards of the academic awards as benchmarked to those awards in other HE institutions in Wales and throughout the rest of the UK;
- ensuring the highest quality student experience within the resources available.

7.4 External Reference Points

The University embraces the full range of available UK external reference points to assure the quality of its provision and the standard of its awards, including by active reference to formally defined frameworks, external membership of key academic committees and by encouragement to engage with the wider HE and stakeholder communities. It is seeking to generate involvement by a wider section of academic staff in formal roles with external organisations, an aim which it anticipates will be helped by its University status.

The role of the external examiner is central to the University's approach to the maintenance and enhancement of standards thereby ensuring comparability of programme awards with similar ones across the UK. Critical to the University's approach is ensuring that all external examiners are able to offer independent, impartial and up-to-date professional observations both on relevant subjects and on standards and procedures. Thus, the external examiner system is embedded in the University's quality assurance arrangements. As a means of exercising its oversight of all the University's activities, the Finance, Planning and Monitoring Committee of the Board of Governors receives annually a random sample of external examiners' reports.

7.5 Widening Access

The University is strongly committed to the Widening Access agenda and the following initiatives were successfully implemented in 2012/13:

- Fee waiver scheme for unemployed part-time students.
- Two Saturday Art Schools to attract interest from under-represented groups.
- Free 'taster' sessions in a range of subjects.
- Carefully targeted use of Financial Contingency Funds under the control of the University's Access Committee.
- Provision of additional books for part-time students.

8. RESEARCH

The University considers research and scholarship to be essential in under-pinning its core mission. Only a small amount of research funding was provided by HEFCW (in Art and Design) and all other research activity had to be funded from a limited number of specific grants or from within the University's other income sources. This is considered to be wholly appropriate for an institution focused on undergraduate vocational provision and the University does not delude itself that it can become more than a minor player in this field. Nevertheless, the number of MPhil and PhD students continues to increase and staff involvement in research is encouraged and is growing both in volume and quality. The results of the 2009 Research Assessment Exercise fully endorsed the University's strategy of realism in only submitting four areas for assessment.

Research Grants and Contracts 2012/13

	£000
UK Charities	
Cerebra	103
Tenovus	
Research Councils	
EPSRC	10
Other	
UK Government	48
TOTAL	161

9. THIRD MISSION

2012/13 saw the final year of HEFCW funding of the Innovation & Engagement strategy and the sixth year of the collaborative Third Mission strategy: Dragon Innovation Partnership, with Swansea University.

Knowledge transfer activity continued with the Knowledge Transfer Centre in High Quality Ultrasonic Detection Systems for Composite Components and Structures entering its final year and 'Moving Image Wales' being funded by A4B for a second phase.

Excellent progress was made with the key EU funded projects: ACT (Advanced Communication Technologies) an Interreg funded project in partnership with University of Wales, Trinity Saint David and the South East Regional Authority in Ireland, and the Institute of Sustainable Design, in partnership with Cardiff Metropolitan University, which supports businesses across Wales to understand the importance of all aspects of design. Targets are being met and both projects are performing to their financial profiles.

The third project: Project Olion, which is a community engagement activity funded through ESF via the Arts Council of Wales' 'Reach the Heights' initiative and aims to reduce the number of young people in Wales who are not in education, employment or training (NEET), celebrated its success with a key community festival in Townhill. It was one of a very small number of projects to receive continuation funding and has helped deliver the social commitments of the I&E strategy through initiatives such as 'Play in a Weekend', Saturday Art School, Arts in Action and the Young Reading Dragons Literacy Project.

SMU continued to be a partner in the Dragon Innovation Partnership and continued to lead on the Supply Teacher Training Centre serving the continuous professional development needs of supply teachers via a range of initiatives with partners such as Careers Wales West. An independent evaluation of the Dragon Innovation Partnership highlighted the Supply Teacher Centre as one of the key successes of the project. In 2012/13 Swansea Met also led on employer engagement and established SEEN, a successful Swansea Employer Engagement Network.

The university also continued to partner other HE institutions in key projects such as ASTUTE, which supports companies adopting new manufacturing technologies as well as KESS and Access to Masters, both of which enable post graduate and PhD students to work directly with businesses. The Faculty of Applied Design & Engineering is also in a partnership with Gower College Swansea to deliver a Collaborative Industrial Research Project looking at the design and prototyping of a mountain bike for disabled persons.

The Strategic Insight Programme proved to be a successful means of fostering relationships between academic staff and businesses. A total of fifteen SIP and Reverse SIP relationships were established and provided opportunities for staff to spend up to five days with an industry partner which has proved to be an effective means of staff development.

Training and consultancy remained a key focus of activity with the continuation of the on-going programme of skills training delivered to the MoD delivered to the Royal Fleet Auxiliary and the Royal Logistics Corps in Gütersloh in Germany as well as at Camberley and Worthy Down. Training programmes also continued for a number of SMEs, particularly in the stained glass sector as well as the voluntary sector, with programmes being developed for Swansea Council for Voluntary Services and Neath Port Talbot Council. Consultancy work included a survey of Swansea sand dunes and data analysis on marine mammals for Tidal Lagoon Power.

Consultancy was also commissioned by the Foreign & Commonwealth Office, UK Embassy in Macedonia on the provision of entrepreneurship education in higher education in Macedonia. Entrepreneurship activity remained as active as ever with engagement in the Enterprise Support

Programme, an all Wales initiative led by UWCN to embed entrepreneurship in the curriculum and the South West Wales Entrepreneurship hub. SMU continued to host PatLib, an information access point for those seeking advice on intellectual property issues, in partnership with the Intellectual Property Office. Events such as Shut Up and Start Up club have been recognised as models of good practice.

10. STAFFING

The University considers its staff to be its key asset in achieving its objectives and is fortunate to benefit from a well qualified, committed and loyal workforce with low staff turnover. Staff development is an important aspect and the University, jointly with its sister institutions Swansea University and the University of Wales Trinity Saint David, offers a range of internal staff development opportunities. Staff are also encouraged to attend external courses and conferences and adequate resourcing is made available to support such activities, both in terms of the direct cost of travel and fees and in the approval of time away from the institution.

56.8% (56.5% in 2011/12) of academic staff were male and 43.2% (43.5% 2011/12) female whereas the ratio of male to female in non-academic staff was 41:59 (41:59 in 2011/12).

Many of the University's staff have again had considerable success during the year in achieving additional qualifications, most notably doctorates, in obtaining grants, publishing books and refereed journal articles and presenting conference papers. More details are contained in the commentaries on each Faculty provided in section 6 above

11. SCOPE OF THE FINANCIAL STATEMENTS

The financial statements on pages 28 to 49 relate to the year from 1st August 2012 to 31st July 2013.

12. FINANCIAL REVIEW

12.1. Income and Expenditure Summary Analysis

INCOME	2012/13		2011/12	
	£000	%	£000	%
Funding Council Grants	6,302	17.2	15,859	42.4
Academic Fees and Support Grants	24,732	67.6	16,421	43.9
Research Grants and Contracts	161	0.4	178	0.5
Other Operating Income	4,653	12.7	4,538	12.1
Interest Receivable	758	2.1	421	1.1
TOTAL INCOME	36,606	100	37,417	100
EXPENDITURE				
Staff Costs	19,264	62.6	18,418	61.9
Other Operating Expenses	9,748	31.7	9,578	32.2
Depreciation	1,585	5.1	1,492	5.0
Interest Payable	180	0.6	260	0.9
TOTAL EXPENDITURE	30,777	100	29,748	100
OPERATING SURPLUS	5,829		7,669	
OPERATING SURPLUS AS PERCENTAGE OF INCOME	15.9%		20.5%	

Income for 2012/13 was £36.6m, a decrease of 2.2% over the previous year, with expenditure up 3.5% at £30.8m. The resulting operating surplus of £5.8m represents 15.9% of income, the seventeenth consecutive year in which the University has successfully met or exceeded Funding Council targets.

This year has seen a considerable shift of funding from grant to tuition fees with the introduction of increased tuition fees for the 2012/13 student intake, fees for continuing student remain at previously levels. The combination of grant and fees remains around 85% of total income, but whereas in the previous year the ratio of grant to fees was almost 1:1, following the introduction of the new fee regime that ratio has become 4:1 in favour of tuition fees.

Staff costs as a percentage of expenditure remains at over 60%.

12.2. Cash Flow

Cash increased by £7.2m during the year with £0.8m of that arising from interest received. The increase in cash has resulted from funds previously invested with Coutts in a short investment portfolio maturing.

12.3. Key Financial Indicators - 5 year trend

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Income	33,574	37,071	36,591	37,417	36,606
Expenditure	30,478	31,073	30,154	29,748	30,777
Operating Surplus	3,096	5,998	6,437	7,669	5,829
Historic Cost Surplus	3,341	6,419	6,861	8,095	6,255
Operating Surplus as % of Income	9.2%	16.2%	17.6%	20.5%	15.9%
Historic Cost Surplus as % of Income	10.0%	17.3%	18.8%	21.6%	17.1%
General Reserve	28,278	27,517	33,488	38,357	46,982
General Reserve as % of Income	84.2%	74.2%	91.5%	102.5%	128.3%
Pension Reserve	-9,000	-7,570	-8,560	-12,340	-10,500
Cash	20,440	27,224	31,205	38,870	41,339
Current Assets	21,487	28,572	32,600	40,739	43,701
Current Liabilities	3,030	3,048	2,724	2,337	3,981
Net Current Assets	18,457	25,524	29,876	38,402	39,720
Net Current Assets as % of Income	55.0%	68.9%	81.6%	102.6%	108.5%
Long Term Liabilities	0	0	0	0	0
Long Term Liabilities as % of Income	0	0	0	0	0

Income has risen by 9% over the last five years, significantly above the rate of inflation due to the introduction of variable fees and growth in the University's intake of full-cost international students. However, due to a continuing exercise to improve efficiency, expenditure has risen at a slower rate and as a result the operating surplus has steadily increased.

Cash and net current assets have increased by 6% and 2% respectively.

The Pension Reserve is an actuarially assessed figure which represents the liability within the City and County of Swansea Local Government Pension Scheme which may be attributed to the University's past and present employees. The provision has fallen significantly this year following an actuarial revaluation.

12.4. Procurement

The University is committed to achieving value for money in all its activities and sees efficient and effective procurement activity as a key factor in achieving that aim. The informal arrangements which have existed for some years have now been converted, with the assistance of HEFCW Reconfiguration and Collaboration Funds, into a formal tri-partite arrangement between SMU, Swansea University and Trinity University College by the creation of the South West Wales Higher Education Procurement Partnership (SWWHEPP).

Collaboration, notably in the areas of procurement training, estates contracts, and standardisation of policies and procedures continued throughout 2012/13 and SWWHEPP continued to provide a quality service to all three participating institutions. However, HEFCW funding for the project ended during the year and the project was wound up. The transformed University is now considering its future needs which are most likely to be based upon the creation of an in-house procurement unit.

The University also remains a member of the wider Higher Education Purchasing Consortium for Wales (HEPCW) based at the University of Wales Registry in Cardiff.

13. CAPITAL EXPENDITURE AND OTHER MAJOR PROJECTS

13.1. Estates

The major items of estate expenditure have been due to the need to adapt Ty Bryn Glas to provide new facilities to allow the further expansion of Swansea Business School and the re-development of the former Central Library at Alexandra Road, following the final decision to proceed by the Board of Governors. Building work commenced in June 2012 and the project is expected to be completed by Easter 2014.

13.2. Equipment

The University over £1m in new and replacement equipment during the year, notably the following items of capital expenditure:

IT Equipment	308,848
Furniture	311,776
Fortus rapid manufacturing system	45,954
Rapid prototyping machine	66,048
3D scanning system	59,287
Full body motion capture system	37,440
Extraction fan/Fire suppression system	21,677
	£851,030

14. EMPLOYEE INVOLVEMENT

The University has established Joint Consultation and Negotiating Committees with recognised trade unions representing its staff. In addition, it is the University's policy to keep staff informed of all major issues and developments, this information being communicated to staff by means of a newsletter, emails and staff meetings.

15. DISABLED EMPLOYEES

Applications for employment of disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort would be made to make reasonable adjustments in order that their employment with the University may continue.

It is the policy of the University that training, career development and promotion opportunities should be available to all employees.

16. EQUAL OPPORTUNITIES

The University operates an equal opportunities policy, for both staff and students, which is monitored regularly. An Equal Opportunities Officer is employed, and the Students' Union has a Deputy President who is a sabbatical officer with responsibilities for equal opportunities.

17. CHARITABLE AND POLITICAL CONTRIBUTIONS

The University has made no charitable or political contributions during the period.

18. EXTERNAL AUDITORS

The University's external auditors are the Wales Audit Office who are in the final year of their current contract having been re-appointed following a competitive tender exercise. Their previous contract lasted six years. The revised Audit Code of Practice recommends market testing every seven years.

DR GERALD LEWIS
CHAIRMAN

PROFESSOR MEDWIN HUGHES
VICE-CHANCELLOR



RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for the administration and management of the affairs of Swansea Metropolitan University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and in accordance with applicable accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales and the Board of Governors of Swansea Metropolitan University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to :

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



CORPORATE GOVERNANCE

Introduction

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998, to the extent that the principles are relevant to the higher education sector.

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

The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31st July 2013 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board of Governors and that it accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

Summary of the University's Structure of Corporate Governance

The University's Board of Governors comprises 23 members, who have relevant experience in education, business or the professions, together with the University's Vice Chancellor and Chief Executive. The role of the Chairman of the Board is separated from the role of the University's Chief Executive, the Vice Chancellor. Those matters specifically reserved to the Board for decision are set out in the University's Articles of Government. The Board holds to itself the responsibility for the ongoing strategic direction of the University, the effectiveness and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets at least three times a year and has five sub-committees. All of these sub-committees are formally constituted with terms of reference and are chaired by a lay member of the Board. In the case of the Audit Committee, all of the members are independent of the University's management, although senior executives attend meetings as necessary.

The roles and responsibilities of the committees are as follows.

- **Audit Committee**

The Audit Committee meets at least four times a year, including at least once with the external auditors to discuss audit findings and to review the University's financial statements. The Committee meets more frequently with the internal auditors to consider the review of internal control systems and to address recommendations for the improvement of such systems.

- **Finance, Planning and Monitoring Committee**

The Finance, Planning and Monitoring Committee oversees the arrangements for the preparation of the University's Strategic Plan, financial forecast, annual budget and Estates Strategy. It also monitors performance in relation to the approved budgets and reviews and approves the University's annual accounts.

- **Human Resources Committee**

The Human Resources Committee considers employment policies, including salaries and terms of employment, and industrial relations issues relating to the University. This Committee also considers any non-academic policies relating to students and constitutional issues concerning the Students Union.

- **Remuneration Committee**

The Remuneration Committee determines and reviews the salaries, terms and conditions (and where appropriate severance payments) of the Vice Chancellor and other senior staff, as appropriate.

- **Governance and Nominations Committee**

The Governance and Nominations Committee considers nominations for independent or co-opted members of the Board of Governors and recommends such nominations to the Board of Governors. The Committee also reviews and, where necessary, recommends changes to the procedures and processes for the governance of the University.

Internal Control

The senior management team and the Board of Governors receive reports setting out key performance measures. This year, following a recommendation arising from the Higher Education Funding Council for Wales' Fifth Institutional Review Report, the University has introduced a requirement for key senior managers to prepare formal Statements of Internal Control recognising their responsibilities and outlining key issues arising during the year. The senior management team and the Audit Committee also receive reports from the internal audit service, which operates in accordance with the requirements of the Funding Council's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the University's Board of Governors on the recommendation of the Audit Committee. At least annually, the head of internal audit (HIA) provides the Board of Governors with a report on the internal audit activity in the University. The report includes the HIA's independent opinion on the adequacy and effectiveness of the University's system of internal control.

PROF. MEDWIN HUGHES
VICE CHANCELLOR

Independent Auditors' Report to the Board of Governors of Swansea Metropolitan University

We have audited the financial statements of Swansea Metropolitan University for the year ended 31 July 2013, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) the Statement of Recommended Practice – Accounting for Further and Higher Education and the Accounts Direction issued by the Higher Education Funding Council for Wales (HEFCW).

Respective responsibilities of the members and the Auditors

As explained more fully in the Statement of Governing Body's Responsibilities, the Governing Body is responsible for the preparation of the report of the Governing Body and the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Governing Body, as a body, in accordance with paragraph 5 of the University's articles of government. Our work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

We report to you whether in our opinion, in all material respects, funds expended out of HEFCW grants and other funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation and whether in our opinion, in all material respects, income has been applied in accordance with the financial memorandum with HEFCW.

We read the report of the Governing Body including the corporate governance statement and the statement of internal control and consider the implications for our report if we become aware of any apparent misstatement within it.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the University's affairs as at 31 July 2013 and of its surplus of income over expenditure and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Accounts Direction issued by the HEFCW, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters

In our opinion:

- in all material respects, funds expended out of HEFCW grants and other funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- in all material respects, income has been applied in accordance with the financial memorandum with HEFCW.

Matters on which we report by exception

We have nothing to report in respect of the following matters, which we report to you, if in our opinion:

- the Governing Body' Report is not consistent with the financial statements
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

.

Derwyn Owen

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Date



INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2013

INCOME	NOTE	Year ended 31 July 13	Year ended 31 July 12
		£000	£000
FUNDING COUNCIL GRANTS	2	6,302	15,859
ACADEMIC FEES & SUPPORT GRANTS	3	24,732	16,421
RESEARCH GRANTS AND CONTRACTS	4	161	178
OTHER OPERATING INCOME	5	4,653	4,538
INTEREST RECEIVABLE		758	421
TOTAL		36,606	37,417
EXPENDITURE			
STAFF COSTS	6	19,264	18,418
OTHER OPERATING EXPENSES	7	9,748	9,578
DEPRECIATION		1,585	1,492
INTEREST PAYABLE	8	180	260
TOTAL	9	30,777	29,748
SURPLUS AFTER DEPRECIATION OF ASSETS AT VALUATION	10	5,829	7,669



BALANCE SHEET AT 31 JULY 2013

	NOTE	31 JULY 13		31 JULY 12	
		GROUP £000	UNIVERSITY £000	GROUP £000	UNIVERSITY £000
FIXED ASSETS					
Tangible assets	11	55,321	55,321	50,284	50,284
Investments in Associated Undertakings	12	0	0	0	0
		55,321	55,321	50,284	50,284
CURRENT ASSETS					
Stock		2	2	2	2
Debtors	13	2,360	2,360	1,867	1,867
Investments	14	10,655	10,655	15,384	15,384
Cash and Short Term Deposits		30,684	30,684	23,486	23,177
		43,701	43,701	40,739	40,430
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(3,981)	(3,981)	(2,337)	(2,387)
NET CURRENT ASSETS		39,720	39,720	38,402	38,043
TOTAL ASSETS LESS CURRENT LIABILITIES		95,401	95,041	88,686	88,327
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		0	0	0	0
PROVISION FOR LIABILITIES AND CHARGES	16	(1,365)	(1,365)	(1,443)	(1,443)
NET ASSETS excluding pension liability		93,676	93,676	87,243	86,884
PENSION LIABILITY	17	(10,500)	(10,500)	(12,340)	(12,340)
NET ASSETS including pension liability		83,176	83,176	74,903	74,544
DEFERRED CAPITAL GRANT	18	9,304	9,304	9,230	9,230
RESERVES					
REVALUATION RESERVE	19	26,890	26,890	27,316	27,316
GENERAL RESERVE excluding pension Reserve	20	57,482	57,482	50,697	50,338
Pension Reserve	17	(10,500)	(10,500)	(12,340)	(12,340)
GENERAL RESERVE including pension liability	20	46,982	46,982	38,357	37,998
TOTAL RESERVES		73,872	73,872	65,673	65,314
TOTAL FUNDS		83,176	83,176	74,903	74,544

The financial statements on pages 28 to 49 were approved by the Board of Governors on
and signed on its behalf by:

G. LEWIS	-	CHAIRMAN
M. HUGHES	-	VICE CHANCELLOR
	-	



CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2013

	NOTE	Year ended 31 July 2013		Year ended 31 July 2012	
		£000	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24		7,453		7,695
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		0		0	
Interest received		758		421	
Net cash inflow from returns on investments and servicing of finance			758		421
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS					
Purchase of tangible fixed assets		(6,625)		(795)	
Proceeds sale of assets		6		0	
Purchase of Investments		0		(17,040)	
Investments matured		5,000		2,000	
Deferred Capital grants received		606		0	
Net cash inflow from capital expenditure and financial investments			(1,013)		(15,835)
Net cash flow before financing			7,198		(7,719)
FINANCING					
Loan repayment		0		0	
Net cash flow from financing			0		0
(DECREASE)/INCREASE IN CASH IN THE PERIOD	25		7,198		(7,719)



**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES**
for the year ended 31 July 2013

	NOTE	Year Ended 31 July 13	Year Ended 31 July 12
		£000	£000
Surplus for the year		5,829	7,669
Increase in market value of Investments		270	344
Pension Scheme actuarial surplus/(deficit)	17	2,100	(3,570)
Total recognised gains for the year		8,199	4,443

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 July 2013

	Year Ended 31 July 13	Year Ended 31 July 12
	£000	£000
Surplus for the year after depreciation of assets at valuation	5,829	7,669
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount.	426	426
Historical cost surplus	6,255	8,095



NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 July 2013**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting Standards applicable to the United Kingdom and in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales and the Statement of Recommended Practice – Accounting for Further and Higher Education 2007. The financial statements have been presented in accordance with the format recommended therein.

A summary of the principal accounting policies, which have been consistently applied, is set out below:

(a) **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets.

(b) **Basis of Consolidation**

The consolidated financial statements include the University and its subsidiary, Swansea Business School Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the student union have not been consolidated because the University does not control those activities. All financial statements are made up to 31 July 2013.

(c) **Tangible Fixed Assets**

Land and buildings were revalued at 31 July 2009 and are included in the financial statements at depreciated replacement cost valuation, apart from Ty Bryn Glas which is included at the purchase price which reflects the market value as it is deemed to have an alternative use. Valuations of land and buildings are performed every five years, the next valuation is due in July 2014.

Other fixed assets are included at cost less depreciation from the date of acquisition. The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Assets are not depreciated until they are brought into use, a full year's depreciation is charged in the year they are brought into use.

Equipment costing more than £5000 (either individually or in the combined purchase of similar items) is capitalised. All other equipment is written off in the year of acquisition. Computer hardware over £5000 is capitalised, however computer software and licences are written off in the year of acquisition.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Building adaptations	5 to 10
Computers and other equipment	20
Vehicles	20

(d) **Revaluation Reserve**

The value of tangible fixed assets net of capital loans inherited from the local authority on 1 April 1992 was transferred to the Revaluation Reserve. Land and buildings were last re-valued on 31 July 2009. The surplus on revaluations has been transferred to the Revaluation Reserve. An amount equal to the excess depreciation is transferred from the Revaluation Reserve to the Income and Expenditure Account.

(e) **Capital Grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the income and expenditure account over the related asset's useful life.

(f) **Funding Council Grants**

Higher Education Funding Council and the Welsh Government grant income is accounted for in accordance with the purpose of the grant. The recurrent and other revenue grants are credited directly to the income and expenditure account. Grants received from the Higher Education Funding Council and the Welsh Government further education grants, which are attributable to future years are included in creditors as payments received in advance.

(g) **Other Grants and Tuition Fees**

Certain grants are received for specific purposes. Income from continuing research grants and contracts has been included in the financial statements to the extent that it is due.

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

(h) **Repairs and Maintenance**

Expenditure on routine corrective maintenance is included in the income and expenditure account as incurred.

- (i) **Stocks**
The stocks are wet stock held by the University bar. They are valued at the lower of cost or net realisable value.
- (j) **Taxation**
No provision is made for taxation because of the charitable status of the University. 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 tangible fixed assets is included in their cost.
- (k) **Premature Retirements**
Where staff have retired under premature retirement arrangements which include a commitment by the University to supplement their future pensions, a provision has been established in the financial statements. Future pension payments are made directly from this provision.
- (l) **Pensions**
The University participates in three different pension schemes. All Schemes provide members with defined benefits related to pay and service. The schemes are as follows:-
- (i) **Academic Staff**
One unfunded scheme administered by the Teachers' Pensions Scheme (TPS) and one funded scheme administered by the University Superannuation Scheme Limited (USS). The pension cost charged in the income and expenditure account is at the contribution rate set by the Department for Education for TPS and USS Limited for USS on the basis of a notional fund.
- (ii) **Other Staff**
Other employees, subject to certain qualifying criteria, are eligible to join the City and County of Swansea Local Government Pension Scheme. The pension cost charged in the income and expenditure account in respect of these employees is determined so as to spread the cost of pensions systematically over their working lives with the University.
- The fund is valued every three years by a professionally qualified actuary using the projected unit method and the rate of contribution payable is determined on the advice of the actuary. FRS 17 has been implemented as required.
- Further information can be found in the City and County of Swansea Pension Fund Annual Report which is available on request from the City and County of Swansea.
- (m) **Reserves**
Transfers to and from reserves are made at the discretion of the University.
- (n) **Foreign Currency Transactions**
Assets & liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial year, with the resulting exchange differences being taken to the Income & Expenditure account in the period in which they arose.

(o) **Provisions**

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) **Leased Assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

2.	FUNDING COUNCIL GRANTS	2013 £000	2012 £000
	Recurrent Grant – Higher Education Funding Council and Welsh Government	4,953	14,127
	Specific Grants		
	- Learning and Teaching Infrastructure	73	0
	- Innovation & Engagement	228	269
	- Initial Teacher Training	149	250
	- Widening Access	163	354
	- Research Grant	148	196
	- ITT Reconfiguration	0	3
	- Others	258	292
	Deferred Capital Grants Released in year		
	Buildings	154	154
	Equipment	176	214
		6,302	15,859

3.	ACADEMIC FEES AND SUPPORT GRANTS	2013 £000	2012 £000
	Full Time Home and EU Students	20,404	12,245
	Full Time Students charged overseas fees	3,453	3,320
	Part Time Fees	688	677
	Short Course Fees	187	179
		24,732	16,421

4.	RESEARCH GRANTS AND CONTRACTS	2013 £000	2012 £000
	UK based Charities	103	112
	Research Councils	10	18
	Other grants and contracts	48	48
		161	178

5.	OTHER OPERATING INCOME	2013 £000	2012 £000
	Residences and Catering	1,467	1,491
	Other services rendered	302	521
	European grants	1,129	1,259
	Release from deferred capital grants	202	197
	Other income	1,553	1,070
		4,653	4,538

6.	STAFF COSTS	2013 £000	2012 £000
	Wages and Salaries	16,008	15,311
	Social Security costs	1,151	1,162
	Other Pension costs	2,099	1,937
	Benefits in kind	6	8
		19,264	18,418
	Average FTE staff numbers by category:		
		Number	Number
	Academic staff	232	230
	Non academic staff	282	264
		514	494
	The number of staff (excluding the Vice Chancellor) who received emoluments in the following ranges was:	Number	Number
	£110,001 - £120,000	0	0
	£100,001 - £110,000	0	0
		£000	£000
	Emoluments of the Vice Chancellor to 30 September 2012		
	Salary	28	161
	Superannuable/Non taxable emolument	0	12
		28	173
	Pension contribution	0	15
	Emoluments of the Vice Chancellor from 1 October 2012		
	Salary	65	0
		65	0
	Pension contribution	10	0
	<p>The pension contributions in respect of the Vice Chancellor are in respect of employer's contributions to the Teachers Pensions Agency and are paid at the same rate as for other employees.</p> <p>On 1 October 2012 following the constitutional merger with the University of Wales: Trinity Saint David, the Vice Chancellor of that University assumed the role of Vice Chancellor of Swansea Metropolitan University with Swansea Metropolitan University contributing 40% towards his salary costs, which is disclosed above.</p>		

7.	OTHER OPERATING EXPENSES	2013 £000	2012 £000
	Consumables	2,295	1,695
	Heat, Light, Water and Power	714	714
	Books and periodicals	432	311
	Student recruitment	686	724
	Trade insurances	201	182
	Trade subscriptions	176	166
	Examination fees	195	180
	External examiners	100	81
	Printing and stationery	160	148
	Catering provisions	331	355
	Repairs and general maintenance	687	989
	Security	49	57
	Postage and telephone	147	128
	Students' Union	193	185
	Rent and rates	166	66
	Major plant maintenance	107	77
	Payments to ITT partner schools	396	396
	Student bursaries	1,012	906
	Car allowances and subsistence	210	221
	Franchise Payments	53	72
	Legal Costs	46	32
	Auditors' remuneration - External audit work	21	22
	Auditors' remuneration - Internal audit work	23	32
	Hire of Equipment – operating lease	85	87
	Increase in bad debt provision	43	568
	Canteen equipment	33	15
	Other expenses	1,187	1,169
		9,748	9,578

8.	INTEREST PAYABLE	2013 £000	2012 £000
	On bank and other loans	0	0
	Net return on Pension scheme assets/liabilities	180	260
		180	260

9.	ANALYSIS OF EXPENDITURE BY ACTIVITY	Staff Costs £000	Other Operating Expenses £000	Dep'n £000	Interest Payable £000	Total 2013 £000	Total 2012 £000
	Academic Departments	12,478	2,448	399	0	15,325	14,532
	Academic Services	1,368	1,367	127	0	2,862	2,382
	Residences & Catering	380	393	5	0	778	823
	Premises	1,222	2,002	1,026	0	4,250	4,339
	Administration	3,816	3,538	28	180	7,562	7,672
	Total Per Income and Expenditure Account	19,264	9,748	1,585	180	30,777	29,748

10.	SURPLUS FOR THE YEAR	2013 £ 000	2012 £ 000
	University surplus for the year	5,829	7,699
	(Deficit) generated by subsidiaries	0	(30)
	Group Surplus for the Year	5,829	7,669

11.	TANGIBLE FIXED ASSETS (GROUP AND UNIVERSITY)	Land and Buildings		Equipment	Vehicles	Total
		Freehold £000	Leasehold £000	£000	£000	£000
	Cost/valuation					
	At 1 August 2012	33,375	19,058	11,208	185	63,826
	Additions	530	5,216	851	28	6,625
	Disposals	0	0	(20)	(8)	(28)
	At 31 July 2013	33,905	24,274	12,039	205	70,423
	Depreciation					
	At 1 August 2012	1,816	1,136	10,440	150	13,542
	Charge	648	366	543	28	1,585
		0	0	(20)	(5)	(25)
	At 31 July 2013	2,464	1,502	10,963	173	15,102
	Net Book Value					
	At 31 July 2013	31,441	22,772	1,076	32	55,321
	At 31 July 2012	31,559	17,922	768	35	50,284

At 31 July 2013, freehold land and buildings included £2,110,000 (2012- £2,110,000) in respect of freehold land and is not depreciated.

The land and buildings inherited on 1 April 1992, together with additions to 31 July 2009 were valued in July 2009 on the basis of depreciated replacement cost or market value as appropriate. The valuations were carried out by DTZ, Chartered Surveyors. Ty Bryn Glas is included at the purchase price which reflects market value, as it is deemed to have an alternative use.

The University has a policy of revaluing its land and buildings every five years, if land and buildings had not been re-valued they would have been included at the following amounts:

	2013 £ 000	2012 £ 000
Cost	35,733	29,103
Aggregate depreciation based on cost	(6,917)	(6,329)
	28,816	22,774

12. INVESTMENTS

The University had two wholly owned subsidiary companies which are incorporated in England and Wales. They are:

SMU Commercial Activities Limited, which did not trade during the year and was dissolved on 3 August 2013.

Swansea Business School Limited, whose main activity is the provision of purchasing services for the University. The company is fully consolidated.

13.	DEBTORS	2013 £000 GROUP	2013 £000 UNIVERSITY	2012 £000 GROUP	2012 £000 UNIVERSITY
	Trade debtors	2,395	2,395	2,283	2,282
	Bad Debt Provision	(1,702)	(1,702)	(1,663)	(1,662)
	Prepayments and accrued income	855	855	475	475
	Other debtors	812	812	772	772
		2,360	2,360	1,867	1,867

14.	INVESTMENTS	2013 £000 GROUP	2013 £000 UNIVERSITY	2012 £000 GROUP	2012 £000 UNIVERSITY
	Within One year	10,655	10,655	15,384	15,384
		10,655	10,655	15,384	15,384

Deposits maturing within one year are held or invested by banks operating within the London market and licensed by the Financial Services Authority with more that 24hours maturity at balance sheet date.

15.	CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR	2013 £000 GROUP	2013 £000 UNIVERSITY	2012 £000 GROUP	2012 £000 UNIVERSITY
	Trade Creditors	1,420	1,420	613	613
	Other taxation and social security costs	381	381	387	387
	Other creditors	2,180	2,180	1,226	1,223
	Grant received in advance	0	0	111	111
	Amounts due to subsidiaries	0	0	0	53
		3,981	3,981	2,337	2,387

16.	PROVISIONS FOR LIABILITIES AND CHARGES (GROUP AND UNIVERSITY)	Premature Retirements £000
	Balance at 1 August 2012	1,443
	Charged during period – Interest	72
	Expenditure in the period	(150)
	Balance at 31 July 2013	1,365

Under the terms of its voluntary premature retirement arrangements the University has committed to supplement the future pensions of certain former staff. Provision has been made for the estimated future cost to the University under these arrangements. The premature retirement arrangements were made available to staff as part of the University's reorganisation and rationalisation and it is expected that future benefits to the University will exceed the cost of the supplementary pensions.

17. PENSION SCHEMES

Teachers' Superannuation Scheme (TSS)

The TSS is a statutory contribution final salary scheme administered by the Teachers' Pension Agency (TPA), an executive agency of the Department of Education and Skills. Under the TSS, which is an unfunded scheme, employees' and employers' contributions are credited to the Exchequer under the arrangements covered by the Superannuation Act 1992. Every five years the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TSS. The 2004 valuation was published at the end of 2006.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Gross rate of return	6.5% per annum
Salary scale increases per annum	5.0% per annum
Present Value of Assets at date of last valuation	£163,240 million
Proportion of members' accrued benefits	98%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the GA carried out a further review on the level of employers' contributions. For the period from 1 April 2002 to 31 March 2003 the employer contributions were 8.35%. From 1 April 2003 this increased to 13.5%, there was a further increase to 14.1% from the 1 January 2007. An appropriate SSAP24 provision in respect of unfunded pensioners' benefits is included in the provisions.

It is not possible to identify each institution's share of the underlying assets and liabilities of the TSS. As a result, the scheme is treated as a defined contribution scheme in relation to Financial Reporting Standard 17.

The University contributed £1,028,000 (2012 - £1,032,000) to the TSS during the year.

Universities Superannuation Scheme (USS)

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme, and therefore contributions are accounted for as if it were a defined contribution scheme in accordance with FRS17. All employers pay the same contribution rate, currently 16%. A formal actuarial valuation of the USS scheme was undertaken as at 31 March 2011. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Investment returns	6.1% per annum
RPI price inflation	3.4% per annum
CPI price inflation	2.6% per annum
Salary scale increases per annum	4.4% per annum
Pension increases in payment	3.4% per annum for three years then 2.6% thereafter
Market Value of Assets at date of last valuation	£32,433 million
Proportion of members' accrued benefits	68%

The University contributed £52,000 (2011 - £60,000) to the USS during the year.

Local Government Pension Scheme (LGPS)

As detailed in the accounting policy note 11 (ii), certain employees are members of the City and County of Swansea Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary. The latest actuarial valuation was undertaken at 31 March 2010 by independent actuaries.

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

	%
Rate of increase in pensionable pay	4.4
Rate of increase in pensions in payment	2.9
Discount rate:	
- in service	6.9
- left service	6.9
Inflation assumption	2.9

The valuation states that the assets held at the valuation date amounted to £1,016.8 million and, represented a shortfall of assets relative to the funding target of £319.2 million. This corresponds to a funding ratio of 76%.

The actuaries have calculated on aggregate employer future service contribution rate of 14.6% from 1 April 2011. This is the rate of employer contribution that would normally be appropriate if the fund had no surplus or shortfall and the assets were exactly equal to the funding target. There is an additional shortfall contribution payable from 1 April 2011 required to eliminate the shortfall within 25 years and this is approximately equivalent to 5.9% of pensionable pay per annum, the aggregate contribution rate of 20.5%. The contributions for the year ended 31 July 2013 amounted to £939,000 (2012 - £895,000).

FRS17 disclosure

In accordance with the requirements of Financial Reporting Standard 17, independent qualified actuaries have updated the results of the March 2010 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2013. The projected unit method was used.

Principal financial assumptions

	31 July 2013	31 July 2012	31 July 2011
Rate of increase in salaries*	4.6%	4.6%	5.2%
Rate of increase in pensions in payment**	2.7%	2.1%	2.8%
Rate of increase in deferred pensions**	2.7%	2.1%	2.8%
Discount rate	4.5%	4.1%	5.3%
RPI Inflation assumption	3.6%	3.1%	3.7%
CPI Inflation assumption	2.7%	2.1%	2.8%

* The actuaries have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2010

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

Principal demographic assumptions

Post retirement mortality

	31 July 2013	31 July 2012
Male (base table in 2007)	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NMA)
Rating to above base table * (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% pa	CMI_2009 with a long term rate of improvement of 1.25% pa
Future lifetime from age 65 (currently aged 65)	21.7	21.6
Future lifetime from age 65 (currently aged 45)	23.5	23.4
Female (base table in 2007)	Standard SAPS normal health all amounts (S1NFA)	Standard SAPS normal health all amounts (S1NFA)
Rating to above base table * (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% pa	CMI_2009 with a long term rate of improvement of 1.25% pa
Future lifetime from age 65 (currently aged 65)	23.9	23.8
Future lifetime from age 65 (currently aged 45)	25.8	25.7

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

	31 July 2013	31 July 2012
Commutation	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlement.	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements. Each Member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlement

Expected return on assets

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

	Long-term rate of return expected at 31 July 2013	Asset split at 31 July 2013	Long-term rate of return expected at 31 July 2012	Asset split at 31 July 2012	Long-term rate of return expected at 31 July 2011	Asset split at 31 July 2011
	% pa*	%	% pa*	%	% pa*	%
Equities	7.8	72.6	7.5	67.7	7.9	69.2
Property	7.3	5.2	7.0	4.8	7.4	3.4
Government Bonds	3.3	14.2	2.5	6.2	3.9	5.6
Corporate Bonds	4.0	0.9	3.2	1.1	4.7	0.9
Cash	0.9	2.2	1.4	14.9	1.5	15.6
Other**	7.8	4.9	7.5	5.3	7.9	5.3
Total	7.0	100.0	6.2	100.0	6.6	100.0

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

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

The University employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by the aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2013.

Reconciliation of funded status to balance sheet	2013 £000	2012 £000	2011 £000
Fair value of assets	19,980	15,900	15,050
Present value of funded liabilities	(30,480)	(28,240)	(23,610)
Pension asset/(liability) recognised on the Balance Sheet	(10,500)	(12,340)	(8,560)

Analysis of amounts charged to the income and expenditure account	2013 £000	2012 £000
Current service cost	1,020	840
Past service cost	0	0
Total operating charge included in other pension costs – Note 6	1,020	840

Expected return on pension scheme assets	(1,000)	(1,010)
Interest on pension scheme liabilities	1,180	1,270
Net return included in interest paid – Note 8	180	260
Expense recognised in Income and Expenditure	1,200	1,100

Changes to the present value of liabilities during the year	2013 £000	2012 £000
Opening present value of liabilities	28,240	23,610
Current service cost	1,020	840
Interest Cost	1,180	1,270
Contributions by participants	290	280
Actuarial (gain)/losses on liabilities*	120	2,590
Net benefits paid out#	(370)	(350)
Past service cost	0	0
Net increase in liabilities from disposals and acquisitions	0	0
Curtailments	0	0
Settlements	0	0
Closing present value of liabilities	30,480	28,240

* Includes changes to the actuarial assumptions.

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

Changes to the fair value of assets during the year	2013 £ 000	2012 £ 000
Opening fair value of assets	15,900	15,050
Expected return on assets	1,000	1,010
Actuarial gains/ (losses) on assets	2,220	(980)
Contributions by the employer	940	890
Contributions by participants	290	280
Net benefits paid out #	(370)	(350)
Net increase in assets from disposals and acquisitions	0	0
Settlements	0	0
Closing fair value of assets	19,980	15,900

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

Actual return on assets	2013 £000	2012 £000
Expected return on assets	1,000	1,010
Actuarial gain/(loss) on assets	2,220	(980)
Actual return on assets	3,220	30

Analysis of amount recognised in STRGL	2013 £000	2012 £000
Total actuarial gains/(losses)	2,100	(3,570)
Total gain/(loss) recognised in STRGL	2,100	(3,570)

History of asset values, present value of liabilities and surplus/deficits	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Fair value of assets	19,980	15,900	15,050	13,430	10,830
Present value of liabilities	(30,480)	(28,240)	(23,610)	(21,000)	(19,830)
Surplus/(deficit)	(10,500)	(12,340)	(8,560)	(7,570)	(9,000)

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

History of experience gains and losses	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Experience gains and losses on assets					
• Amount	2,220	(980)	70	1,020	(980)
• Percentage of assets	11.1%	(6.2%)	0.5%	7.6%	(9.0%)
Experience gains and losses on liabilities#					
• Amount	(10)	(110)	(90)	160	(40)
• Percentage of the present value of the liabilities	0.0%	(0.4%)	(0.4%)	0.8%	(0.2%)

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

The total pension contributions for the year were:

	2013 £000	2012 £000
Contributions to TSS	1,028	1,032
Contributions to USS	52	60
Contributions to LGPS	939	845
	2,019	1,937

18.	DEFERRED CAPITAL GRANTS (GROUP AND UNIVERSITY)	HIGHER EDUCATION FUNDING COUNCIL		
		Buildings £000	Equipment £000	Total £000
	Capital grants received:			
	At 1 August 2012	9,321	5,621	14,942
	Grant received brought forward	452	0	452
	At 31 July 2013	9,773	5,621	15,394
	Released to income and expenditure:			
	At 1 August 2012	2,688	5,008	7,696
	Released to income and expenditure (note 2)	154	176	330
	At 31 July 2013	2,842	5,184	8,026
	Net balance			
	At 31 July 2013	6,931	437	7,368
	At 1 August 2012	6,633	613	7,246

	DEFERRED CAPITAL GRANTS (GROUP AND UNIVERSITY)	OTHER GRANTS		
		Buildings £000	Equipment £000	Total £000
	Capital grants received:			
	At 1 August 2012	1,935	2,402	4,337
	Grant received	0	154	154
	At 31 July 2013	1,935	2,556	4,491
	Released to income and expenditure:			
	At 1 August 2011	341	2,012	2,353
	Released to income and expenditure (note 5)	34	168	202
	At 31 July 2012	375	2,180	2,555
	Net balance			
	At 31 July 2013	1,560	376	1,936
	At 1 August 2012	1,594	390	1,984

	Net Balance at 31 July 2013			
	Funding Council	6,931	437	7,368
	Non Funding Council	1,560	376	1,936
	Total deferred capital grants	8,491	813	9,304

19.	REVALUATION RESERVE (GROUP AND UNIVERSITY)	2013 £000	2012 £000
	Opening Balance	27,316	27,742
	LESS: Contribution to depreciation	(426)	(426)
	Balance at 31 July	26,890	27,316

20.	MOVEMENT ON GENERAL RESERVE	2013 £000 GROUP	2013 £000 UNIVERSITY	2012 £000 GROUP	2012 £000 UNIVERSITY
	Surplus after depreciation of assets at valuation	5,829	5,829	7,669	7,699
	Release from revaluation reserve	426	426	426	426
	Historical cost surplus	6,255	6,255	8,095	8,125
	Pension items in STRGL	2,100	2,100	(3,570)	(3,570)
	Investments in STRGL	270	270	344	344
	Subsidiary company transfer	0	359	0	0
	Balance at 1 August	38,357	37,998	33,488	33,099
	Balance at 31 July	46,982	46,982	38,357	37,998
	ANALYSIS OF GENERAL RESERVE				
	Reserve before pension liabilities	57,482	57,482	50,697	50,338
	Reserve for pension liabilities	(10,500)	(10,500)	(12,340)	(12,340)
	Reserve including pension liabilities	46,982	46,982	38,357	37,998

21.	CAPITAL COMMITMENTS (GROUP AND UNIVERSITY)	2013 £000	2012 £000
	Commitments contracted for at year end:		
	- Library, Alexandra Road	11,091	6,721
	- Ty Bryn Glas	0	180
	- Technium purchase	3,600	
	Commitments not contracted for at year end:		
	-Ty Bryn Glas	0	254
		14,691	7,155

22. CONTINGENT LIABILITIES

There were no contingent liabilities at the Balance Sheet date.

23. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

24.	RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO THE NET CASH INFLOW FROM OPERATING ACTIVITIES	2013		2012	
		£000	£000	£000	£000
	Surplus after depreciation of assets at valuation		5,829		7,669
	Add: Depreciation	1,585		1,492	
	Profit on disposal	(4)		0	
	Release of capital grant	(532)		(565)	
	Interest receivable	(758)		(421)	
	Loan interest	180		260	
	Difference between pension charge and cash contribution	80		(50)	
	Provisions charged during the year	72		75	
	Expenditure charged against provisions	(150)		(145)	
			473		646
	Cash generated from operations		6,302		8,315
	Working capital movements				
	Stock	0		10	
	Debtors	(493)		(484)	
	Creditors	1,644		(146)	
			1,151		(620)
	Net Cash inflow from operating activities		7,453		7,695

25.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2013 £000	2012 £000
	Increase/(Decrease)in cash in the period	7,198	(7,719)
	Loan repayments	0	0
	Changes in net funds	7,198	(7,719)
	Net funds at 1 August	23,486	31,205
	Net funds at 31 July	30,684	23,486

26.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 August 2012 £000	Cash Flows £000	At 31 July 2013 £000
	Cash at bank and in hand	23,486	7,198	30,684
	Debt due within one year	0	0	0
	Debt due after one year	0	0	0
		23,486	7,198	30,684

27. POST BALANCE SHEET EVENTS

The Higher Education Corporation of Swansea Metropolitan University was dissolved on 1 August 2013, all trading activities; assets, including staff, and liabilities were transferred to the University of Wales: Trinity Saint David.

28.	FINANCIAL COMMITMENTS	GROUP & UNIVERSITY	
		2013 £000	2012 £000
	At 31 July the University had annual commitments under non-cancellable operating leases as follows		
	Other:		
	Within one year	72	72
	Within two & five years	65	135
		137	207

29.	FINANCIAL CONTINGENCY FUNDS	2013	2012
		£000	£000
	Balance brought forward at 1 August	0	11
	Funding Council Grants	109	117
	Loans Repaid	8	5
	Interest earned	1	1
		118	134
	Amount Disbursed	(105)	(134)
	Balance carried forward at 31 July	13	0

Welsh Government grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.