

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Financial Statements

31 July 2013

**Mazars LLP
Bristol**

REPORT AND FINANCIAL STATEMENTS 2013

CONTENTS	Page
Members	1
Professional advisors	2
Operating & financial review	3-10
Corporate governance statement	11-13
Statement of responsibilities of members of the institution	14
Independent auditors' report	15-16
Consolidated income and expenditure account	17
Consolidated statement of total recognised gains and losses	18
Balance sheets	19-20
Consolidated cash flow statements	21
Notes to the accounts	22-47

MEMBERS

Dr Geoffrey Thomas (Chair)	
Dr Gerald Lewis (Chair)	
Prof Medwin Hughes (Vice-Chancellor)	
Prof David Warner (Senior Provost)	
The Venerable Randolph Thomas (Vice-Chair)	
Mr Phil Owen (Vice-Chair)	
Ms Maria Jones	
Mr Lewis Evans	- resigned September 2012
Mr Anthony Jenkins	- resigned September 2012
Mr Eifion Griffiths	
Dr John Walters	- resigned September 2012
Mr Andrew Curl	
Mr Gordon Llewellyn	- resigned September 2012
Mr Peter Bosley	- resigned September 2012
The Venerable Dr William Strange	- resigned September 2012
Revd. Bill Fillery	- resigned September 2012
Dr Ann Rhys	- resigned September 2012
Mr Mark James	- resigned September 2012
Mr Michael McGrane	- resigned September 2012
Mrs Virginia Isaac	- resigned September 2012
Professor Cecilia Crighton	- resigned September 2012
Mrs Rosemund Nelson	- resigned September 2012
Professor Gareth Jones	- resigned September 2012
Mr Gareth Harries	- resigned September 2012
Dr Sian Wyn Siencyn	
Mr Ceredig Emanuel	
Mr Cen Powell	- resigned September 2012
Mrs Conny MateraRogers	- resigned September 2012
Mr Gwyndaf Tobias	- resigned September 2012
Mr Abi Jenkins (Student President)	- appointed July 2013
Mr Mattias Eken, (Student President)	- resigned June 2013
Mr Jack Girvin	- appointed September 2012
Mrs Pam Berry	- appointed September 2012
Mrs Kathryn David	- appointed September 2012
Mr George Sambrook	- appointed September 2012
Dr Alun Thomas	- appointed September 2012
Mr John Saint Clare Williams (Student President)	- appointed September 2012, resigned 2013
Ms. Beth Thomas (Student President)	- appointed July 2013

PROFESSIONAL ADVISERS

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

BANKERS

Barclays Bank Plc

OPERATING AND FINANCIAL REVIEW

Operating and Financial Review 2012-13

SCOPE OF THE FINANCIAL STATEMENTS

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

University of Wales: Trinity Saint David

Trinity College

Trinity University College Limited

Eclectica Drindod Ltd

LEGAL STATUS

The University of Wales: Trinity Saint David is incorporated by Royal Charter. The most recent version of its constitution is the Supplemental Charter which was sealed by the Privy Council on 28 September 2012.

The Trinity College Charity incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity.

The Trinity University College Limited, the operational activities of this entity, excluding staffing, were transferred on merger to University of Wales: Trinity Saint David. On 1st August 2013 all staff were transferred, under TUPE arrangements to University of Wales: Trinity Saint David

Eclectica Drindod is a private company limited by guarantee with no share capital, initiated to undertake a role that more effectively delivers Third Mission activity for University of Wales: Trinity Saint David.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements for the year to 31 July 2013 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and the accounts direction issued by the Higher Education Funding Council for Wales.

FINANCIAL HEALTH

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

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

OPERATING AND FINANCIAL REVIEW**RESULTS FOR THE YEAR**

The University's financial performance for the year to 31 July 2013 is summarised as follows:

	2012/13	2011/12
	£'000	£'000
Income	35,652	37,090
Expenditure	(35,343)	(35,648)
Taxation	(12)	(7)
Transfers	<u>(77)</u>	<u>29</u>
Surplus	<u><u>220</u></u>	<u><u>1,464</u></u>

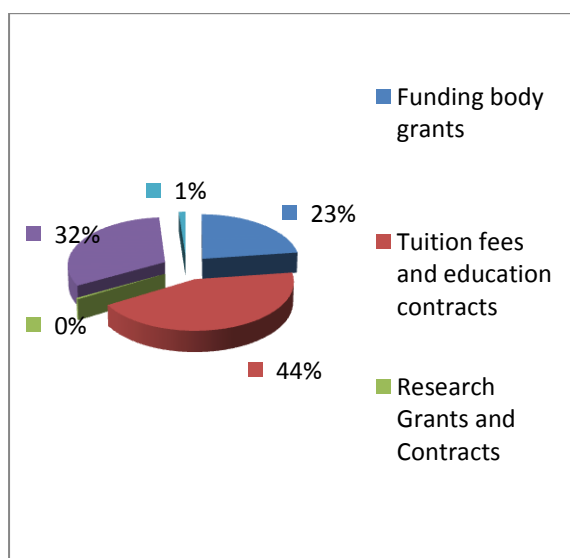
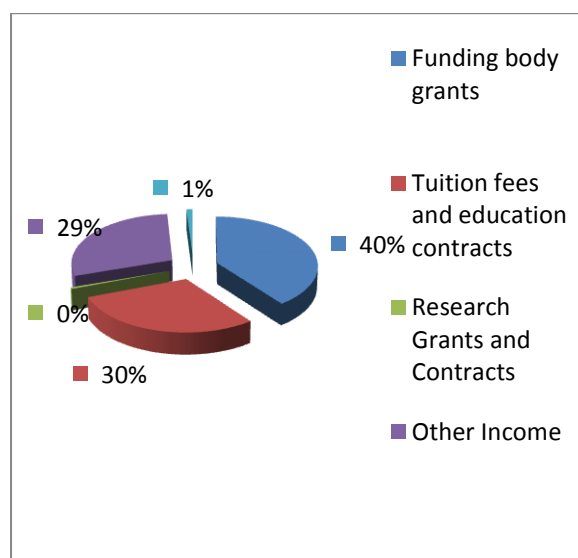
It is pleasing to report that the University recorded a surplus for the year retained within General Reserves of £365K. This continues the trend of positive financial performance experienced in recent years, and is reflective of the University's financial control environment. This result encompasses all of the University's activities, other than the Students' Union which is an independent body.

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

INCOME

The University's total income for the year amounted to £35.7million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £8.2million which represented 22.9% of total income for the year.

Tuition Fees and Education Contracts income amounted to £15.5 million which represented 43.4% of total income for the year.

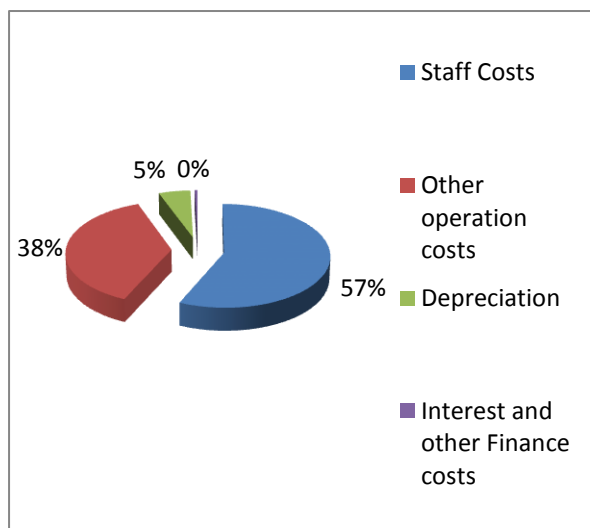
2013 Income by Category**2012 Income by Category**

OPERATING AND FINANCIAL REVIEW

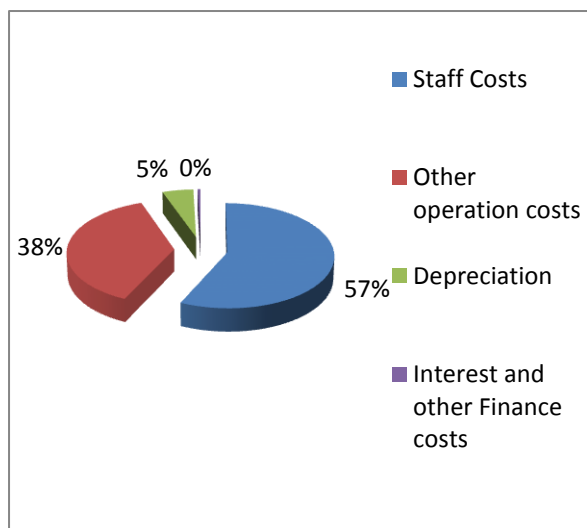
EXPENDITURE

Staffing costs represented 56.6% of total income for the year (57% of total expenditure). Other operating costs for the year were £13.3million.

2013 Expenditure by Category



2012 Expenditure by Category



BALANCE SHEET

The Balance Sheet discloses a net current assets position of £5.6 million as at 31 July 2013. This follows an income and expenditure account result, in line with the University's financial strategy for the year with modest capital expenditure from core funds. As a result, the University's cash position remains at a level which is commensurate with the institution's financial strategy.

CASH FLOW

The University had a net cash outflow from operating activities of £3.2 million and a total cash outflow of £5.2 million due to significant investment in the campus environment. The Canterbury Building and Library on the Lampeter campus, together with improvements to student accommodation and the new Learning and Teaching building on the Carmarthen campus have been partly funded from the University's reserves and funds received from the Higher Education Funding Council for Wales.

TREASURY MANAGEMENT

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. The University's short term deposits are managed by Tradition UK Ltd, the performance of which is monitored by the Finance & Strategic Planning Committee. At 31 July 2013, the University held short term deposits and cash of £7.6 million.

LIQUIDITY

The University's liquidity levels remain acceptable with a current ratio of 1.8 as at 31 July 2013.

The value of endowment asset investments is substantial, at £8.3 million. The market value of the portfolios has increased over the year reflecting the recovery for global equity markets. The University's policy remains one of investment over the long term, having regard to income and capital growth and this policy and the University's performance are kept under review by the Investment Committee.

The level of external borrowing at 31 July 2013 stood at £0.3 million. This is in accord with University policy of reducing indebtedness and not undertaking any capital investment of the estate, unless it can be funded from sources other than external borrowing.

OPERATING AND FINANCIAL REVIEW

Creditors due within one year amount to £6.9 million and included £0.5 million grants received in advance. There has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

The FRS17 deficit in the local in-house final salary pension scheme has decreased during the year, from £4.9 million to £2.6 million. The reduction in the deficit has principally been driven by a change in financial and demographic assumptions compared to 2012.

The Local Government Pension Scheme, Dyfed Pension Fund, which is administered by Carmarthenshire County Council, is a final salary pension scheme. The University's apportioned share of the deficit has decreased during the year from £5.1 million to £4.2 million due to net actuarial gains of £1.0 million.

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

CREATION OF A TRANSFORMED UNIVERSITY

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

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

A NEW WALES UNIVERSITY EDUCATION

During the year the governing bodies of Coleg Sir Gâr, Coleg Ceredigion and University of Wales: Trinity Saint David agreed the merger of Coleg Sir Gâr and Coleg Ceredigion into the University of Wales: Trinity Saint David Group. This merger is being undertaken from a position of strength, with the institutions having very good quality profiles and sound financial health. On 1 August all assets and liabilities, including staff, transferred from Coleg Sir Gâr to Coleg Sir Gâr Ltd, a wholly owned subsidiary of the University of Wales: Trinity Saint David. The merger of Coleg Ceredigion will take place in early 2014.

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

RISK MANAGEMENT / RISK REGISTER

The Statement of Corporate Governance sets out the arrangements that are in place including the ongoing process of identifying, evaluating and managing risks and I am pleased to report that risk management procedures are in place and a risk register has been developed in accordance with best practice.

OPERATING AND FINANCIAL REVIEW

PUBLIC BENEFIT STATEMENT

In setting and reviewing the University's objectives and activities, University Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included in anticipation of a formal reporting requirement likely to be introduced by The Charity Commission as the principal regulator of Welsh higher education institutions under the Charities Act 2006.

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

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

UNIVERSITY'S MISSION; VISION AND VALUES

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

Mission

Transforming Education; Transforming Lives.

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

Vision

To transform, shape and develop futures

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

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

Values

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

Collaboration

Inclusivity

Employability and creativity

Sustainable development

Wales and its distinctiveness

The concept of global citizenship

Research and its impact on policy

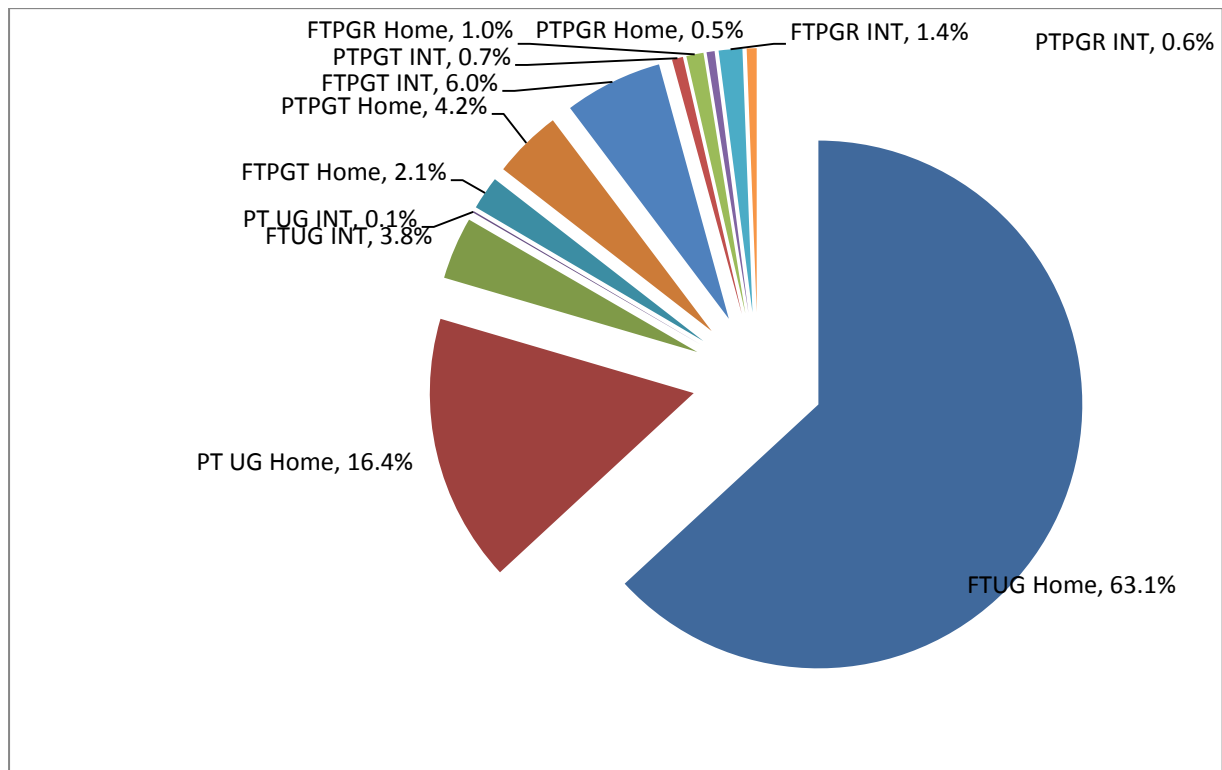
OPERATING AND FINANCIAL REVIEW

KEY DELIVERABLES

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

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

Student Numbers



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

OPERATING AND FINANCIAL REVIEW

Ethical investment and banking policies

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

Equal opportunities

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

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

Environmental sustainability policy

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

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

In February 2013 the University won an award for Best Sustainability Project at the Guardian University Awards. The inaugural awards, running for the first time in 2013, celebrate the best of Britain's universities and act as a benchmark for excellence across the higher education sector. The university's INSPIRE beat projects from across the UK's Higher Education system to this accolade.

Tuition Fees

During 2012/13 the University published its Fee plan for 2013/14 with a full time undergraduate tuition fee of £7,500 being announced.

OPERATING AND FINANCIAL REVIEW

Conclusion

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

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

The financial challenges of 2012/13 are likely to continue into 2013/14 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.

Dr. Geoffrey Thomas

Chair of University Council

CORPORATE GOVERNANCE

Introduction

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

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

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

This statement describes how the relevant principles of corporate governance are applied to the University.

Summary of the University's structure of Corporate Governance

The University's Council comprises lay and academic persons appointed under the Statutes of the University, the majority of whom are non-executive. The role of Chairman of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council is served by a Clerk who is responsible to the Chairman.

The responsibilities of the Council are summarised on page 13. The Council, which meets at least four times a year, exercises its responsibilities through the executive management and several committees. The principal committees which reported to Council during the year 2012/13 are:-

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

CORPORATE GOVERNANCE

- **Audit & Risk Management**

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

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

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

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

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

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

Internal Control

As the governing body of the University of Wales: Trinity Saint David, Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes, and the revised Financial Memorandum and Audit Code of Practice issued in November 2008 by the Higher Education Funding Council for Wales (HEFCW).

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

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the strategic plans, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been in place for the year ended 31 July 2013 and up to the date of approval of the financial statements.

Council has responsibility for reviewing the effectiveness of the system of internal control. It meets at regular intervals (four times a year) to consider the plans and strategic direction of the institution, and receives periodic reports from the Chair of the Audit & Risk Management Committee concerning internal control, and minutes of the Committee.

CORPORATE GOVERNANCE

The Audit & Risk Management Committee has specific authority delegated by the Council to monitor and review internal control matters on its behalf and to report to Council its recommendations on these matters. Independent Internal Auditors undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit Risk Management Committee which receives their reports and recommendations. The areas for review are determined by their significance to the University's operations and the risks associated with their failure. Risk management is a standing item on the Audit & Risk Management Committee agenda.

The external auditors audit the financial statements prepared by the University and report to the Audit & Risk Management Committee on the results of their audit. The external auditors also report formally to the Council on whether or not the financial statements reflect a true and accurate record.

The University has established a robust risk prioritisation methodology based on risk ranking, together with the on-going maintenance of a corporate-wide risk register. All faculties and support units maintain and review their risk registers on a regular basis, and when necessary, escalate significant risks to the institution to the corporate-wide register.

The Council's review of the effectiveness of the system of internal control is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their year-end management letter and other reports.

.

RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

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

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

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

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

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

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

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

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

Professor M Hughes

Dr. Geoffrey Thomas

Vice Chancellor

Chair of University Council

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

We have audited the financial statements' of University of Wales: Trinity Saint David for the year ended 31 July 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. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Respective responsibilities of the Council and auditors

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

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

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2013, and of the Institution's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them; and

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

Mazars LLP
Chartered Accountants
and Statutory Auditors
Bristol

Date: 2013

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2013

	Note	2013	2012
		£ '000	£ '000
INCOME			
Funding Council Grants	2	8,165	14,714
Tuition fees and education contracts	3	15,450	10,975
Research grants and contracts	4	172	199
Other operating income	5	11,437	10,818
Endowment and investment income	6	428	384
		<u>35,652</u>	<u>37,090</u>
EXPENDITURE			
Staff costs	7	20,043	20,303
Other operating costs	8	13,298	13,393
Depreciation		1,836	1,783
Interest payable	9	166	169
		<u>35,343</u>	<u>35,648</u>
Surplus on continuing operations after depreciation of assets and before tax	10	309	1,442
Taxation		<u>(12)</u>	<u>(7)</u>
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		297	1,435
Surplus/(Deficit) for the year transferred to accumulated income in specific endowments		<u>(77)</u>	<u>29</u>
Surplus for the year retained in general reserves		<u>220</u>	<u>1,464</u>

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2013

	2013	2012
	£ '000	£ '000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	297	1,435
Actuarial gain\ (loss) on Pension Scheme	3,424	(2,381)
Movement in endowment asset investments	1,071	(965)
	<u> </u>	<u> </u>
Total recognised gains/(losses) related to the year	<u>4,792</u>	<u>(1,911)</u>
RECONCILIATION		
Opening reserves and endowments	17,880	19,791
Total recognised gains/(losses) for the year	<u>4,792</u>	<u>(1,911)</u>
Closing reserves and endowments	<u>22,672</u>	<u>17,880</u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2013

	Note	Consolidated		University of Wales: Trinity Saint David	
		2013	2012	2013	2012
		£ '000	£ '000	£ '000	£ '000
FIXED ASSETS					
Tangible assets	12	32,012	28,180	16,710	15,466
Heritage Assets	12	5,955	5,955	5,955	5,955
Works of art	13	36	36	0	0
Investments	14	0	0	0	0
		<u>38,003</u>	<u>34,171</u>	<u>22,665</u>	<u>21,421</u>
ENDOWMENT ASSETS	15	<u>8,349</u>	<u>7,165</u>	<u>8,030</u>	<u>6,845</u>
CURRENT ASSETS					
Stocks	16	68	63	68	63
Debtors	17	5,015	3,006	15,544	10,538
Short-term deposits		0	2,405	0	0
Cash at bank and in hand		7,621	14,201	3,993	13,032
		<u>12,704</u>	<u>19,675</u>	<u>19,605</u>	<u>23,633</u>
CREDITORS: amounts falling due within one year	18	<u>(7,075)</u>	<u>(13,161)</u>	<u>(13,888)</u>	<u>(16,821)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>5,629</u>	<u>6,514</u>	<u>5,717</u>	<u>6,812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,981	47,850	36,412	35,078
CREDITORS: amounts falling due after more than one year	19	(0)	(259)	(0)	(259)
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(1,280)</u>	<u>(1,334)</u>	<u>(1,280)</u>	<u>(1,334)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		50,701	46,257	35,132	33,485
Pension Liability		<u>(6,782)</u>	<u>(9,980)</u>	<u>(2,612)</u>	<u>(4,915)</u>
		<u><u>43,919</u></u>	<u><u>36,277</u></u>	<u><u>32,520</u></u>	<u><u>28,570</u></u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2013

(Continued)

Deferred capital grants	21	<u>15,044</u>	<u>12,192</u>	<u>7,633</u>	<u>7,621</u>
Endowment funds					
Permanent	22	<u>8,349</u>	<u>7,165</u>	<u>8,030</u>	<u>6,845</u>
RESERVES					
Revaluation Reserve		<u>5,955</u>	<u>5,955</u>	<u>5,955</u>	<u>5,955</u>
Income and Expenditure account excluding pension reserve	23	21,353	20,945	13,514	13,064
Pension reserve	23	<u>(6,782)</u>	<u>(9,980)</u>	<u>(2,612)</u>	<u>(4,915)</u>
TOTAL RESERVES		<u>14,571</u>	<u>10,965</u>	<u>10,702</u>	<u>8,149</u>
		<u>43,919</u>	<u>36,277</u>	<u>32,520</u>	<u>28,570</u>

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

.....2013

Vice Chancellor

Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2013

	Note	2013 £ '000	2012 £ '000
Net cash (outflow)inflow from operating activities	24	(3,235)	1,550
Returns on investments and servicing of finance	25	422	375
Taxation		(12)	(7)
Capital expenditure and financial investment	26	(5,619)	(4,817)
Management of liquid resources	27	2,380	(1,843)
Net cash (outflow)/inflow before financing		<u>(6,064)</u>	<u>(4,742)</u>
Financing activities	28,30	<u>(342)</u>	<u>(430)</u>
(Decrease)/Increase in cash in the year	29,30	<u><u>(6,406)</u></u>	<u><u>(5,172)</u></u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2013****1. ACCOUNTING POLICIES****Accounting convention**

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

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

Basis of consolidation

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

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

Recognition of income

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

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

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS**Year ended 31 July 2013****Fixed assets**

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

Stocks

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

Depreciation

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

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

Investments

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

Current asset investments are shown at market value.

Heritage Assets / Works of Art

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

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

Endowment funds

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

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

Total return on investment for permanent endowments

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

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

Pensions

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

Leases

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

Taxation

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

Hardship funds

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

	2013 £ '000	2012 £ '000
2. FUNDING COUNCIL GRANTS		
HEFCW Recurrent Grants	5,098	10,499
HEFCW Specific Grants	2,241	3,325
Release from Deferred Grants	826	845
FEFCW Recurrent Grants		45
	<u>8,165</u>	<u>14,714</u>
	<u><u>8,165</u></u>	<u><u>14,714</u></u>
3. TUITION FEES		
Full Time Students (UK and EU)	12,432	8,667
Full Time Students (Non EU)	2,218	1,340
Part Time Students	800	968
	<u>15,450</u>	<u>10,975</u>
	<u><u>15,450</u></u>	<u><u>10,975</u></u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	107	42
UK Based Charities	65	157
	<u>172</u>	<u>199</u>
	<u><u>172</u></u>	<u><u>199</u></u>
5. OTHER OPERATING INCOME		
Catering and residence operations	4,933	4,979
EU Grants	1,484	1,639
Other income generating activities	4,987	4,167
Deferred Capital Grant released in year- Buildings	33	33
	<u>11,437</u>	<u>10,818</u>
	<u><u>11,437</u></u>	<u><u>10,818</u></u>
6. INVESTMENT INCOME		
Bank and other interest received	203	116
Income from permanent endowments (note 22)	225	268
	<u>428</u>	<u>384</u>
	<u><u>428</u></u>	<u><u>384</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

7. STAFF NUMBERS AND COSTS

	2013	2012
	FTE	FTE
The average monthly number of persons employed by the University during the year was		
Academic Departments	292	259
Non-Academic Departments	245	272
	<u>537</u>	<u>531</u>
	2013	2012
	£ '000	£ '000
Staff costs for the above persons		
Teaching departments	10,882	11,406
Academic services	1,403	1,433
Administration and central services	5,842	5,410
Premises	1,322	1,400
Catering and residence	594	654
	<u>20,043</u>	<u>20,303</u>
Wages and salaries	15,581	16,655
Social security costs	1,621	1,288
Other pension costs	2,466	2,360
Redundancy	375	0
	<u>20,043</u>	<u>20,303</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

7. STAFF NUMBERS AND COSTS (continued)

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

	2013	2012
	No.	No.
£100,000 - £109,999	<u> </u>	<u> </u>
£110,000 - £119,999	<u> </u>	<u> </u>
£120,000 - £129,999	<u> </u>	<u> </u>
£130,000 and above	<u> </u>	<u> </u>

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

	2013	2012
	£ '000	£ '000
Salary	91	192
Benefits in kind	<u> </u>	<u> </u>
	105	206
Pension contributions	<u> </u>	<u> </u>
	14	26

The Vice Chancellor, became Vice Chancellor of Swansea Metropolitan University on 28 September 2012 and 40% of his costs from that date have been recharged to Swansea Metropolitan University with the appropriate disclosure in their financial statements. The Vice Chancellor is also Vice Chancellor of the University of Wales and 20% of his salary has been charged to University of Wales, with the appropriate disclosure in their financial statements.

8. OTHER OPERATING COSTS

	2013	2012
	£ '000	£ '000
Teaching departments	2,674	2,655
Academic Services	1,422	1,518
Administration and central services	5,360	5,942
Premises	3,270	2,667
Catering and residences	484	558
External auditors remuneration-audit services	68	36
External auditors remuneration-non audit services	3	1
Internal Audit	<u> </u>	<u> </u>
	17	16
	<u> </u>	<u> </u>
	13,298	13,393

NOTES TO THE ACCOUNTS**Year ended 31 July 2013****9. INTEREST PAYABLE**

	2013	2012
	£ '000	£ '000
On bank loans, overdrafts and other loans		
Repayable in more than five years	6	9
Net charge on pension scheme	160	160
	<u>166</u>	<u>169</u>

10. SURPLUS ON CONTINUING OPERATIONS BEFORE TAX

	2013	2012
	£ '000	£ '000
The surplus on continuing operations before tax is after charging		
Depreciation - owned assets	1,836	1,782
Auditors' remuneration		
- external audit	68	36
	<u>1,904</u>	<u>1,818</u>

11. TAXATION

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

12. TANGIBLE FIXED ASSETS

Consolidated	Freehold land and buildings	Freehold Buildings under construction	Equipment, fixtures and fittings	Motor vehicles	Heritage Assets	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or Valuation						
At 1 August 2012	35,182	4,139	11,246	36	5,955	56,558
Additions in the year	2,417	2,927	324	0	0	5,668
Assets completed in the year	1,771	(1,771)	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	39,370	5,295	11,570	36	5,955	62,226
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
At 1 August 2012	12,465	0	9,922	36	0	22,423
Charge for the year	995	0	841	0	0	1,836
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	13,460	0	10,763	36	0	24,259
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 July 2013	25,910	5,295	807	0	5,955	37,967
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2012	22,717	4,139	1,324	0	5,955	34,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
University of Wales: Trinity Saint David						
Cost or Valuation						
At 1 August 2012	20,352	1,771	10,398	36	5,955	38,512
Additions in the year	2,404	0	324	0	0	2,728
Assets completed in the year	1,771	(1,771)	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	24,527	0	10,722	36	5,955	41,240
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
At 1 August 2012	7,989	0	9,066	36	0	17,091
Charge for the year	694	0	790	0	0	1,484
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	8683	0	9,856	36	0	18,575
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 July 2013	15,844	0	866	0	5,955	22,665
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2012	12,363	1,771	1,332	0	5,955	21,421
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

13. WORKS OF ART

	Consolidated £ '000
Cost	
At 1 August 2012	36
Additions	0
	<hr/>
Balance at 31 July 2013	36
	<hr/> <hr/>

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

14. INVESTMENTS

	Consolidated		University of Wales Trinity Saint David	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
200 ordinary £1 shares – Welsh Networking Limited	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	0	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. ENDOWMENT ASSETS

Consolidated	2013 £ '000	2012 £ '000
Balance at 1 August	7,165	8,131
New endowments	0	76
Increase /(Decrease) in market value of Investments	1,071	(967)
Increase/(Decrease) in cash balances held for endowments	113	(75)
Balance at 31 July	<hr/> 8,349 <hr/>	<hr/> 7,165 <hr/>
 University of Wales: Trinity Saint David	 2013 £ '000	 2012 £ '000
Balance at 1 August	6,845	7,811
New endowments	0	76
Increase /(Decrease) in market value of Investments	1,071	(967)
Increase /(Decrease) in cash balances held for endowments	114	(75)
Balance at 31 July	<hr/> 8,030 <hr/>	<hr/> 6,845 <hr/>

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

16. STOCKS

	Consolidated		University of Wales: Trinity Saint David	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Stocks and Stores	68	63	68	63

17. DEBTORS

	Consolidated		University of Wales: Trinity Saint David	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
DUE WITHIN ONE YEAR				
Debtors for goods and services	2,076	1,104	2,074	1,045
Other debtors and prepaid expenditure	2,709	1,672	2,700	1,664
Amounts due from subsidiaries	0	0	6,919	3,978
	4,785	2,776	11,693	6,687
DUE AFTER ONE YEAR				
Trinity College	0	0	3,851	3,851
Other debtors	230	230	0	0
	5,015	3,006	15,544	10,538

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Bank overdraft	-	-	-	-
Bank loan (note 18)	265	348	265	348
Creditors for goods and services	1,134	1,658	1,017	1,640
Other creditors including tax and social security	441	478	152	182
Accruals and deferred income	4,724	4,639	4,294	3,976
Grants received in advance	511	6,038	511	6,038
Amounts due to subsidiaries	0	0	7,649	4,637
	7,075	13,161	13,888	16,821

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

Included within grants received in advance is £172K (2011/12 £ 5,600K) of monies received in respect of the merger from HEFCW. This amount is also reflected within the cash and bank figure shown within the accounts.

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

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

	Consolidated		University of Wales: Trinity Saint David	
	2013	2012	2013	2012
	£ '000	£ '000	£ '000	£ '000
Bank loan	0	259	0	259

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

Consolidated:

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

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

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

The bank loan is repayable as follows:

	Consolidated		University of Wales: Trinity Saint David	
	2013	2012	2013	2012
	£ '000	£ '000	£ '000	£ '000
Due				
Within one year	265	348	265	348
After one year				
One to two years	0	259	0	259
Two to five years	0	0	0	0
After five years	0	0	0	0
	0	259	0	259
Total	265	607	265	607

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

20. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated

	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	38	1,296	1,334
Payments in year	0	(103)	(103)
Charge for the year	0	49	49
	<hr/>	<hr/>	<hr/>
Balance at 31 July	38	1,242	1,280

University of Wales: Trinity Saint David

	Pension Scheme Rectification £'000	Enhanced Pension Provision £'000	Total £'000
Balance at 1 August	38	1,296	1,334
Payments in year	0	(103)	(103)
Charge for the year	0	49	49
	<hr/>	<hr/>	<hr/>
Balance at 31 July	38	1,242	1,280

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

21. DEFERRED CAPITAL GRANTS

CONSOLIDATED	HEFCW £ '000	Other grants £ '000	Total £ '000
At 1 August			
Land and buildings	10,525	1,010	11,535
Equipment	657	0	657
Grants capitalised in year			
Land and buildings	3,533	0	3,533
Equipment	180	0	180
Released to income and expenditure account			
Land and buildings	(302)	(33)	(335)
Equipment	(526)	(0)	(526)
At 31 July			
Land and buildings	13,756	977	14,733
	<hr/>	<hr/>	<hr/>
Equipment	311	0	311
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

21. DEFERRED CAPITAL GRANTS (continued)

UNIVERSITY OF WALES: TRINITY SAINT DAVID	HEFCW	Other grants	Total
	£ '000	£ '000	£ '000
At 1 August			
Land and buildings	6,225	786	7,011
Equipment	610	0	610
Grants capitalised in year			
Land and buildings	606	0	606
Equipment	180	0	180
Released to income and expenditure account			
Land and buildings	(220)	(28)	(248)
Equipment	(526)	(0)	(526)
At 31 July			
Land and buildings	<u>6,611</u>	<u>758</u>	<u>7,369</u>
Equipment	<u>264</u>	<u>0</u>	<u>264</u>

22. ENDOWMENTS

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

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2013 Total £ '000	2012 Total £ '000
Balance at 1 August					
Capital	663	3,005	3,668	3,668	4,632
Accumulated income	2,317	1,180	3,497	3,497	3,499
	<hr/> 2,980	<hr/> 4,185	<hr/> 7,165	<hr/> 7,165	<hr/> 8,131
New Endowments					0
Investment income	91	134	225	225	268
Awards and payments	(55)	(58)	(112)	(112)	(269)
Increase/(Decrease) in market value	426	645	1,071	1,071	(965)
	<hr/> 3,443	<hr/> 4,906	<hr/> 8,349	<hr/> 8,349	<hr/> 7,165
Represented by:					
Capital	1,089	3,650	4,739	4,739	3,668
Accumulated income	2,354	1,256	3,610	3,610	3,497

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

**University of Wales: Trinity Saint
David**

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2013 Total £ '000	2012 Total £ '000
Balance at 1 August					
-Capital	637	2,713	3,350	3,350	4,312
-Accumulated income	2,317	1,178	3,495	3,495	3,499
	<u>2,954</u>	<u>3,891</u>	<u>6,845</u>	<u>6,845</u>	<u>7,811</u>
Investment income	91	134	225	225	268
Awards and payments	(54)	(57)	(111)	(111)	(269)
Increase/(Decrease) in market value of investments	426	645	1,071	1,071	(965)
	<u>3,417</u>	<u>4,613</u>	<u>8,030</u>	<u>8,030</u>	<u>6,845</u>
Balance at 31 July	<u><u>3,417</u></u>	<u><u>4,613</u></u>	<u><u>8,030</u></u>	<u><u>8,030</u></u>	<u><u>6,845</u></u>

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

23. ACCUMULATED FUND

	Consolidated		University of Wales: Trinity Saint David	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Balance brought forward (including pension)	10,965	11,910	8,149	7,317
Net surplus for the year	220	1,464	389	2,032
Transfer to general endowments	(38)	(28)	(38)	(28)
Actuarial gain/(loss)	3,424	(2,381)	2,402	(1,172)
Surplus carried forward	<u>14,571</u>	<u>10,965</u>	<u>10,902</u>	<u>8,149</u>

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

	Consolidated	
	2013 £ '000	2012 £ '000
Surplus for the year	309	1,442
(Decrease)/Increase in provision for pensions/redundancies	(54)	(474)
Depreciation	1,836	1,783
Deferred capital grants released	(861)	(878)
(Increase)/ Decrease in stocks	(5)	10
(Increase) /Decrease) in debtors	(2,009)	767
(Decrease)/Increase in creditors	(2,290)	(1,170)
Interest paid	6	9
Interest received	(428)	(384)
Decrease in endowment net current assets	35	254
FRS 17 Adjustment	226	192
Net cash (outflow)/inflow from operating activities	<u>(3,235)</u>	<u>1,550</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013	2012
	£ '000	£ '000
Interest paid	(6)	(9)
Interest received	428	384
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	422	375
	<u> </u>	<u> </u>

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013	2012
	£ '000	£ '000
Purchase of tangible fixed assets	(5,668)	(6,509)
Capital grants received	0	2,227
Endowment assets acquired	(782)	(1,741)
New Endowment Received	0	0
Receipts from sale of endowments assets	831	1,206
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure and financial investment	(5,619)	(4,817)
	<u> </u>	<u> </u>

27. MANAGEMENT OF LIQUID RESOURCES

	2013	2012
	£ '000	£ '000
Movement in short-term deposits	2,380	(1,843)
	<u> </u>	<u> </u>

28. FINANCING

	2013	2012
	£ '000	£ '000
Loan repayments	(342)	(430)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

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

	2013 £ '000	2012 £ '000
(Decrease)/Increase in cash	(6,407)	(5,172)
Cash flow from movement in liquid resources	(2,380)	1,843
Cash flow from decrease in debt	342	430
	<hr/>	<hr/>
Decrease in net debt	(8,445)	(2,899)
Net cash at 1 August	16,922	19,821
	<hr/>	<hr/>
Net cash at 31 July	<u>8,477</u>	<u>16,922</u>

30. ANALYSIS OF NET DEBT

	1 August 2012 £ '000	Change in year £ '000	31 July 2013 £ '000
Consolidated			
Cash at bank and in hand	14,201	(6,580)	7,621
Endowment cash held by University	841	173	1,014
Bank overdraft	0	0	0
	<hr/>	<hr/>	<hr/>
	15,042	(6,407)	8,635
Short-term deposits	2,405	(2,405)	0
Endowment cash held by investment managers	82	25	107
Bank loan	(607)	342	(265)
	<hr/>	<hr/>	<hr/>
	<u>16,922</u>	<u>(8,445)</u>	<u>8,477</u>

31. FINANCIAL COMMITMENTS

At 31 July 2013, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
In One Year or less	0	0	0	0
Between Two and Five Years	62	66	62	66
In Five Years or More	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>62</u>	<u>66</u>	<u>62</u>	<u>66</u>

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

32. FINANCIAL CONTINGENCY FUNDS

	2013 £ '000	2012 £ '000
Unspent at 1 August	7	4
Funding Council grants	75	75
Loans Repaid	1	1
Interest earned	0	0
	<u>83</u>	<u>80</u>
Disbursed to students	(83)	(73)
Funds returned to Assembly	0	(0)
	<u>0</u>	<u>(0)</u>
Balance unspent at 31 July	<u>(0)</u>	<u>7</u>

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

During the 2012/2013 academic year, the University received £74,664 (2011/2012 - £75,066) from the Welsh Government as earmarked financial contingency funds. The funds were administered in accordance with the terms and conditions specified by the Government. At 31 July 2013, the University held £185 (31 July 2012 - £7,371) of funds not distributed.

33. SOUTH WEST WALES SCHOOL OF EDUCATION

	2013 £ '000	2012 £ '000
HEFCW Grant Received	0	2,374
Grant Disbursed to Swansea Metropolitan University	(0)	(2,374)
	<u>-</u>	<u>-</u>

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

During the year, the University received £149,000 (2012 - £1,811,460) from the Higher Education funding Council for Wales as earmarked ITT grant. The funds were administered in accordance with the terms and conditions specified by the Council and paid out in the year.

NOTES TO THE ACCOUNTS**Year ended 31 July 2013****34. PENSION SCHEMES**

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

LGSS

A full actuarial valuation of the scheme was carried out as at 31 March 2010 and updated to 31 July 2013 by a qualified independent actuary. The major assumptions used by the actuary were:

	2013	2012	2011
	%	%	%
Rate of increase in salaries	4.15	3.85	4.65
Rate of increase in pensions	2.4	2.1	2.9
Discount rate	4.5	4.3	5.3
Rate of inflation	2.4	2.1	2.9

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

	31 July 2013	31 July 2012
Retiring today		
Males	22.4	22.3
Females	25.0	24.9
Retiring in 20 years		
Males	24.2	24.1
Females	17.0	26.9

At the last actuarial valuation date, the market value of the assets of the scheme was £12,272,000 and the present value of the scheme liabilities was £16,442,000.

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

	Long-term expected return at 31 July 2013	Fair value at 31 July 2013 £'000	Long-term expected return at 31 July 2012	Fair value at 31 July 2012 £'000	Long-term expected return at 31 July 2011	Fair value at 31 July 2011 £'000
Equities	7.0%	8,725	7.0%	7,442	7.0%	7,181
Government Bonds	3.3%	1,215	2.5%	1,204	3.9%	1,195
Other Bonds	4.3%	1,252	3.4%	1,161	4.9%	1,300
Property	5.7%	933	6.0%	796	6.0%	618
Other	0.5%	147	0.5%	151	0.5%	189
Total market value of assets		12,272		10,754		10,483
Present value scheme liabilities		(16,442)		(15,819)		(14,163)
(Deficit)/surplus in scheme		(4,170)		(5,065)		(3,608)

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

34. PENSION SCHEMES (continued)

Analysis of amount charged to operating profit

	For year to 31 July 2013 £ '000	For year to 31 July 2012 £ '000
Current service cost	526	516
Total operating charge	<u>526</u>	<u>516</u>

Analysis of finance income and charges

	For year to 31 July 2013 £ '000	For year to 31 July 2012 £ '000
Expected return on assets	593	620
Interest on pension liabilities	(672)	(754)
Net finance return	<u>(79)</u>	<u>(134)</u>

Movement in scheme deficit during the year

	For year to 31 July 2013 £ '000	For year to 31 July 2012 £ '000
(Deficit)/Surplus in scheme at beginning of the year	(5,065)	(3,680)
Movement in year		
Current service cost	(526)	(516)
Contributions paid by the employer	478	474
Net return	(79)	(134)
Actuarial gain/(loss)	1,022	(1,209)
Deficit in scheme at the end of the year	<u>(4,170)</u>	<u>(5,065)</u>

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

	31 July 2013 £ '000	31 July 2012 £ '000
At 1 August	(15,819)	(14,163)
Current service cost	(526)	(516)
Interest cost	(672)	(754)
Member contributions	(175)	(191)
Actuarial gains and losses	(308)	(765)
Benefits paid	1,058	570
At 31 July	<u>(16,442)</u>	<u>(15,819)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

34. PENSION SCHEMES (continued)

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

	31 July 2013 £ '000	31 July 2012 £ '000			
At 1 August	10,754	10,483			
Expected rate of return on scheme assets	593	620			
Actuarial gains and losses	1,330	(444)			
Employer contributions	478	474			
Members contributions	175	191			
Benefits paid	(1,058)	(570)			
At 31 July	12,272	10,754			
	2013	2012	2011	2010	2009
	£ '000	£ '000	£ '000	£ '000	£ '000
Difference between the expected and actual return on assets					
Amount	0	(444)	559	(674)	(958)
Percentage of scheme assets	%	4.1%	5.3%	7.3%	12.6%
Experience gains/(losses) on scheme liabilities					
Amount	(308)	(765)	1,015	(822)	600
Percentage of the present value of scheme liabilities	1.9%	4.8%	7.2%	5.9%	4.8%
Actuarial (gains)/losses recognised in STRGL					
Amount	1,022	(1,209)	(1,324)	148	366
Percentage of present value of year end scheme liabilities	6.2%	7.6%	9.3%	1.1%	2.9%

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

University of Wales Lampeter Pension and Assurance Scheme (UWLPS)

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

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

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

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

For the purposes of FRS17, the preliminary results of the actuarial valuation as at 31 July 2011, which was carried out by a qualified independent actuary, has been on an approximate basis to 31 July 2013.

The material assumptions used by the actuary for FRS17 as at 31 July 2013, and for the comparative period, were as follows:

	Period Ending 31 July 2013	Period Ending 31 July 2012	Period Ending 31 July 2011
	% per annum	% per annum	% per annum
Rate of increase in salaries	4.4	5.0	5.0
Rate of increase in pensions in payment	3.3	2.6	3.6
Discount rate	4.6	3.9	5.3
Inflation assumption	3.4	2.6	3.6
Revaluation rate for deferred pensioners	2.5	2.5	2.5
Allowance for commutation of pension for cash at retirement	Maximum Allowed	Maximum Allowed	Maximum Allowed

The mortality assumptions adopted at 31 July 2013 are 100% of the standard tables S1PxA Year of Birth, no age rating for males and females, projected using CMI_2009 converging to 1.25% pa. These imply the following life expectancies:

Male retiring at age 65 in 2013	22.3 years
Female retiring at age 65 in 2013	24.4 years
Male retiring at age 65 in 2033	24.1 years
Female retiring at age 65 in 2033	26.3 years

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

Assumption	Change in assumption	Change in value of scheme liabilities
Discount rate	Increase / Decrease of 0.5% p.a	Decrease / Increase by 8.8%
Rate of inflation	Increase / Decrease of 0.5% p.a	Increase / Decrease by 5.2%
Rate of salary growth	Increase / Decrease of 0.5% p.a	Increase / Decrease by 1.5%
Rate of mortality	1 year increase in life expectancy	Increase by 2.7%

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

	Value at 31 July 2013	Value at 31 July 2012	Value at 31 July 2011
	£'000	£'000	£'000
Equities	5,344	4,269	5,847
Bonds	5,615	5,416	4,181
Other	1,039	1,012	63
	12,034	10,697	10,091

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

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

	31 July 2013	31 July 2012	31 July 2011
	£'000	£'000	£'000
Fair value of scheme assets	12,034	10,697	10,091
Present value of scheme liabilities	(14,646)	(15,612)	(13,818)
Deficit (net pension liability)	(2,612)	(4,915)	(3,727)

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

The projected unit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative measure of the scheme liabilities, whose calculation differs from that under the projected unit method in that it includes no assumption for future earnings increases. In assessing this figure for the purpose of these disclosures, allowance has been made for future revaluation of benefits up to retirement as required by the rules. At the Balance Sheet date the accumulated benefit obligation was £14,791,972.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than the University continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme as at 31 July 2011 was £21,998,000 compared with the assets at the same date of £10,088,000.

Analysis of the amount charged to income and expenditure account

	2013	2012
	£'000	£'000
Current service cost	201	270
Expenses	114	-
Total operating charge	318	270

Analysis of pension finance costs

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	607	568
Interest on pension liabilities	(447)	(728)
Pension finance costs	(160)	(160)

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

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

	2013	2012
	£'000	£'000
Actual return less expected return on pension scheme assets	935	136
Experienced gain/(losses) arising on the scheme liabilities	(146)	1,326
Change in financial and demographic assumptions underlying the scheme	1,613	(2,634)
Actuarial loss recognised in the STRGL	2,402	(1,172)

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

	2013	2012
	£'000	£'000
Deficit at 1 August	(4,915)	(3,727)
Movement in year:		
Current service cost	(201)	(270)
Net interest payable	(160)	(160)
Contributions	376	414
Expenses	(114)	-
Actuarial (loss)/gain	2,402	(1,172)
Deficit at 31 July	(2,612)	(4,915)

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

	Period	Period
	Ending	Ending
	31 July	31 July
	2013	2012
	£'000s	£'000s
Scheme liabilities at start of period	15,612	13,818
Current service cost	201	270
Interest cost	607	728
Contributions by scheme participants	31	35
Actuarial (gain)/ loss	(1,467)	1,308
Benefits paid, death in service insurance premiums and expenses	(452)	(547)
Expenses	114	-
Scheme liabilities at end of period	14,646	15,612

NOTES TO THE ACCOUNTS
Year ended 31 July 2013

Analysis of movement in the market value of scheme assets

	Period Ending 31 July 2013 £'000s	Period Ending 31 July 2012 £'000s
Fair value of scheme assets at start of period	10,697	10,091
Expected return on scheme assets	447	568
Actuarial gains / (losses)	935	136
Contributions by employer	376	414
Contributions by scheme participants	31	35
Benefits paid, death in service insurance premiums and expenses	(452)	(547)
	<hr/>	<hr/>
Fair value of scheme assets at end of period	12,034	10,697
	<hr/> <hr/>	<hr/> <hr/>

The actual return on the scheme assets over the period ending 31 July 2013 was £1,382,000.

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

	2013	2012	2011	2010	2009
Present value of scheme liabilities (£'000)	(14,646)	(15,612)	(13,818)	(12,473)	(10,811)
Fair value of scheme assets (£'000)	12,034	10,697	10,091	8,902	7,559
Surplus/(deficit) (£'000)	(2,612)	(4,915)	(3,727)	(3,571)	(3,252)

Difference between the expected and actual return on scheme assets:

Amount (£'000)	935	136	620	619	(622)
----------------	-----	-----	-----	-----	-------

Experienced gains and losses on scheme liabilities:

Amount (£'000)	(146)	1,326	(52)	36	695
----------------	-------	-------	------	----	-----

Total amount recognised in the STRGL

Amount (£'000)	(2,402)	(1,172)	(31)	(1,083)	(1,984)
----------------	---------	---------	------	---------	---------

NOTES TO THE ACCOUNTS**Year ended 31 July 2013****Teachers' Pension Scheme**

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

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

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

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

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

USS

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

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

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

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

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

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

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

35. POST BALANCE SHEET EVENTS

On 1 August 2013 the assets; staff and liabilities of Swansea Metropolitan University were transferred to the University of Wales: Trinity Saint David, following the dissolution of Swansea Metropolitan University by the Welsh Government.

36. CAPITAL COMMITMENTS

There were no capital commitments

37. CONTINGENT LIABILITIES

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

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

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

38. RELATED PARTIES

There were no related party transactions during the year.

