

**FINANCIAL STATEMENTS**  
**FOR THE YEAR TO 31 JULY 2008**

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**FINANCIAL HIGHLIGHTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2008**

	2008	2007	Change
<b><u>Income &amp; Expenditure Account</u></b>	<b>£000</b>	£000	%
<b><u>Income</u></b>			
Funding Council Grants	697	1,418	(51)
Research Grants and Contracts	84	28	200
Other Operating Income	8,452	6,759	25
Endowment and Investment Income	1,378	1,216	13
<b>Total Income</b>	<b>10,611</b>	9,421	13
<b>Total Expenditure</b>	<b>9,226</b>	8,579	8
<b>Surplus on Continuing Operations</b>	<b>1,385</b>	842	
<b>Profit on Disposal of Fixed Asset</b>	-	292	
<b>Surplus for the Year Transferred to Accumulated Income in Endowment Funds</b>	<b>(78)</b>	(119)	
<b>Surplus for the Year Retained within General Reserves</b>	<b>1,307</b>	1,015	
<b><u>Balance Sheet</u></b>			
Fixed Assets	7,933	8,622	(8)
Endowment Investments	15,069	16,907	(11)
Net Current Assets	7,247	6,060	19
Provisions for Liabilities and Charges	(43)	(190)	(77)
Pension Scheme (Liability) / Asset	(616)	212	(391)
Net Assets	<b>29,590</b>	31,611	(6)
Net Cash Inflow / (Outflow)	<b>203</b>	(561)	
<b><u>Other Key Statistics</u></b>	<b>2008</b>	2007	
	<b>No.</b>	No.	
Average Staff Full Time Equivalents	<b>103</b>	112	(8)
Enrolments at Accredited Institutions: (Full-time, sandwich year out and part-time excl. franchised out)			
- Undergraduates	<b>54,577</b>	54,006	1
- Postgraduates	<b>11,684</b>	11,018	6
<b>TOTAL</b>	<b>66,261</b>	65,024	2

## REPORT OF THE COUNCIL OF THE UNIVERSITY OF WALES 2007-2008

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### Scope of the Financial Statements

The Financial Statements for the year ended 31 July 2008, comprise the results of the activities of the University Registry in support of the functions of the University of Wales as a degree awarding authority and the range of other Central Services for which the University Council is responsible. Appendix A to the Financial Statements provides an analysis of the main items of income and expenditure for each of the University's principal operations, together with comparative information for the previous financial year. The analysis also shows the extent to which the University Council provides grants in support of the various operations of the University.

### Results for the Year

The schedule on page 2 opposite provides financial highlights of the year's operations for which further detail can be found in the main body of the financial statements. 2007/08 was the first year of operation under the University's revised Charter and Statutes which became fully operational from 1 September 2007. Under the revised constitution, the University sits alongside its accredited institutions in Wales in a confederal relationship where those institutions are accredited by the University to award its internationally regarded degrees. The focus of the University's attention is in promoting and protecting the University's degree awarding powers and brand name, and developing its global validation operations. It also has the language and culture of Wales at heart through activities such as the University of Wales Press and the Centre for Advanced Welsh and Celtic Studies, and through its support for other organisations. It is also uniquely well placed in Wales to facilitate collaborative provision between the higher education sector and public and private organisations.

The University Council is pleased to report that for the year ended 31 July 2008, the University achieved an overall surplus on its continuing operations of £1.4m on total income of £10.6m (an increase over the previous year of 13%) compared with £0.8m and £9.4m respectively in the previous year. The retained surplus for the year was £1.3m after providing for unspent endowment income; this was circa £0.6m more than the previous year (excluding the 'exceptional' proceeds from the sale of a property in that year). The University's validation operations accounted for 51% of total turnover, generating fee income of £5.4m compared with £4.3m in 2006/07, an increase of 26%. The overall surplus on these operations for the year amounted to circa £1.9m, and the total number of approved validated centres increased from 114 to 129 and the number of registered students from 15,100 to 16,500. The University's degree validation operations are amongst the largest of all UK providers encompassing 129 centres in 30 countries worldwide. The scope for continued growth of the activity is extensive in the context of the growth in demand for higher education in the emerging economies of the world. However, the University is acutely aware that the continued success of this pivotal activity rests on the reputation of its degree and the arrangements it puts in place protect it. These arrangements are unstinting in the quest to ensure that the highest possible quality assurance arrangements and academic standards are maintained and that the student experience is protected and enhanced wherever possible.

The limited funding received by the University from the Higher Education Funding Council for Wales (less than 7% of total income last year) comprises those earmarked grants to support specific aspects of the activities of the University of Wales Press and the Centre for Advanced Welsh and Celtic Studies (£366k in total in 2007/08). In addition, the latter received £246k in recurrent funding from HEFCW under the quality research (QR) formula based on its research rating under the 2001 assessment. The outcomes of the latest research and assessment exercise (RAE) will be known in December 2008. In the interim the Centre celebrated during the year the award of two very substantial grants by the Arts and Humanities Research Council (£1.5m over five years) in support of two of its major projects on the poetry of Guto'r Glyn and Wales and the French Revolution.

Income from sales of publications was £475k higher for the year at £824k. The majority of this increase derived from the landmark University of Wales Press bi-lingual publication, 'The Welsh Academy Encyclopaedia of Wales'. This marked the culmination of a decade of intensive research, writing and editing to create the most important book to be published in the history of contemporary Wales. Disappointingly, sales were not in line with original expectations but every effort is now being made to recover the position.

## REPORT OF THE COUNCIL OF THE UNIVERSITY OF WALES 2007-2008

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Total expenditure for the year was £0.6m (8%) higher at £9.2m. Total staff costs were unchanged at about £3.5m, with savings from staff restructuring exercises over the past two years having been neutralised by a combination of the costs of implementing the National Framework Agreement from 1 August 2007, national pay increases from that date and 1 May 2008, and additional staff employed – predominantly in the validation unit to support the increase in operations in that division. Other operating expenses increased by just over £0.7m (15%) to £5.5m. Of this, £0.5m was due to the expansion of the validation services as described above and a similar increase in the publications costs of the Press relating to the Encyclopaedia and additional publications for the 2008 RAE; these increases were offset in part by reductions in the operational costs of the Registry, resulting from activities devolved to the accredited institutions, and the Welsh Medium Teaching Development Centre transferred to Trinity College Carmarthen in August 2007.

### Investment Performance

As a result of the turmoil in world financial markets during the year, caused by the US sub-prime mortgage crisis, the combined market values of the University's fixed asset and endowment asset investments depreciated by about £2.6m (11%) to £21m. The continuing turbulence in the financial markets is a cause for concern, but as a long-term investor with a well diversified investment portfolio the University is confident that valuations will recover over time. Distributed income from the University's investments portfolio increased by an impressive 12% in the year to £0.8m, reflecting a generally buoyant dividend payment climate over the year.

Included in the balance sheet at 31 July 2008 is a total £1 million of short term deposits held in two Icelandic banks. At present the recoverability of these amounts is uncertain. As the circumstances given rise to this uncertainty did not materialise until after 31 July 2008, no provision has been made in the financial statements for the year then ended to reflect the potential non-recoverability of these amounts. To the extent that such a provision is required, it will be made in the financial statements for the year ending 31 July 2009.

### Cash Flows

There was a net cash inflow in the year of £203k compared with an outflow of £561k in the previous year. The small amount of capital expenditure during the year was almost wholly funded by grants. The most significant cash inflows were returns on investments of £1.3m partially offset by an increase in debtors and stocks. At the year end the University's cash and short-term deposits stood at £6m with a further £1.4m held in endowment assets. These are managed in-house in accordance with the University's treasury management policy which seeks to achieve the highest possible returns on its deposit at the lowest possible risk by limiting the amounts placed with individual institutions and using only those whose credit ratings are at the top end of the spectrum. However, the global uncertainties in the banking sector which began to unfold towards the end of the year have introduced an element of uncertainty to such ratings which is unprecedented.

### Conclusion

The University's balance sheet continues to be strong with net assets of circa £30m at the 31 July 2008. It has no external borrowing, healthy cash balances and substantial endowment assets. The revenues generated by its validation activities continue to grow year on year and the opportunities for continued growth are good. Under its new constitution from September 2007 the University is well placed to diversify its activities for the benefit of the sector in Wales. It has an energetic and innovative Vice-Chancellor who is pursuing a number of new initiatives under the general banner of the 'global academy'. This is aimed at widening and strengthening the global name and reputation of both the University of Wales and higher education in Wales *per se*. Part of the mandate is to develop collaborative research opportunities and initiatives for the benefit of the Welsh higher education sector and the commercial sector, and to foster close and lasting links with key individuals and institutions throughout the world. At the same time we will build on the successes of the University's existing degree awarding function within Wales and seek to ensure that our research and publishing activities at the Centre for Advanced Welsh and Celtic Studies and the University of Wales Press continue to flourish and contribute meaningfully to the language, culture and traditions of Wales.

**D Hugh Thomas**  
Chairman of Council

## **CORPORATE GOVERNANCE STATEMENT**

### **2007 – 2008**

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The University of Wales is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has had regard to the principles set out in the Combined Code on Corporate Governance, issued by the London Stock Exchange in July 2003, and also the Governance Code of Practice and General Principles published by the Committee of University Chairmen in November 2004, which has been circulated to all members of the University Council. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The University of Wales was founded by Royal Charter in 1893. The constitution, powers, duties and functions of the University are defined in its Charter, Statutes, Ordinances and Regulations. The University Council is the supreme governing authority of the University and in keeping with its primary responsibility to govern, manage and regulate the finances, accounts, investments, property, and all affairs whatsoever of the University, the University Council is responsible for the University's systems of internal control and for reviewing their effectiveness. These systems are designed to enable the University to operate in an orderly and efficient manner consistent with its management policies, and to safeguard its assets and secure, as far as possible, the completeness and accuracy of its records. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on a framework of regular management information, clear administrative procedures and lines of responsibility, robust budgetary control of approved annual budgets, and regular reviews and reports to the responsible committees and Council. Internal Auditors review the University's control systems and procedures on a regular basis. A risk-based approach is adopted by the auditors in drawing up audit strategies and plans for review and approval by the Audit Committee. The Council receives annual reports from the internal and external auditors on the University's systems of internal control.

The University's chief academic and executive officer is the Vice-Chancellor and Chief Executive who is also the accounting officer for funds received from the Higher Education Funding Council for Wales.

The Secretary to the Council is responsible for ensuring that the Council operates in accordance with its procedures, for supplying all papers for the proper discharge of its duties, and for the provision of advice and services to its members. The Secretary to the Council maintains a register of financial and personal interests of the members of Council and its Committee as well as those of the senior officers of the University. The Secretary is responsible for ensuring that all members of Council are fully briefed on their responsibilities and duties, receive all appropriate background documentation, and undertake any necessary training. All members of Council are expected to conduct themselves in accordance with accepted standards of behaviour in public life, embracing the concepts of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

New corporate governance arrangements were introduced in the University with effect from 1 September 2007 following amendments to the University's Charter and Statutes. The amendments have affected the roles, functions and structure of the University and its relationships with the institutions, the latter having ceased to be members of the University. The University now focuses on its roles as a degree-awarding authority for institutions in Wales and beyond and as a leading body involved in the protection and promotion of the languages and culture of Wales.

The University Council, as re-constituted with effect from 1 September 2007, 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 31 July 2008 and up to the date of approval of the financial statements, that it is subject to regular review by the University Council and that it accords with the principles of sound internal control and governance under the codes of practice mentioned above.

## CORPORATE GOVERNANCE STATEMENT 2007 – 2008

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The University Council meets at least four times each year and has several committees which are constituted to provide expert advice. These include a Resources Committee, a Strategy Committee, an Investment Committee, a Nominations and Governance Committee, a Remuneration Committee, and an Audit Committee (see Appendix B for full details). All of these Committees are formally constituted with terms of reference which provide for a majority of their appointed members to be lay members of the Council. The decisions and recommendations of these Committees are reported to the Council. The Council also has a Risk Management Group (RMG) which is formally constituted with terms of reference that provide, *inter-alia*, for it to submit reports and advice to the Council on the University's risk management policy. Following amendments to its terms of reference in July 2008, the Strategy Committee has overall responsibility for the University's risk management strategy and will work through the RMG in advising Council on the risks and opportunities facing the University.

The University Council has twenty-five members, the majority being lay members. Six of the members are appointed by and from the Accredited Institutions and two by and from the Academic Board. The staff and students of the University have one member each, while the University's Vice-Chancellor and Chief Executive is *ex officio* a member. On the expiry of their terms of office, all members are eligible for re-appointment for up to one further term.

In respect of its strategic and development responsibilities, Council receives advice and recommendations from its Strategy Committee and the Resources Committee. The Resources Committee, *inter alia*, recommends to the Council the University's annual revenue and capital budgets and monitors performance of all operations in relation to approved budgets. It is also responsible to Council for the preparation of financial statements and for the general management of the institution's financial, human, and physical resources.

The Council receives advice from the Academic Board on academic matters which fall within the purview of the University. The Remuneration Committee reviews and advises Council on the remuneration of the most senior staff, including the Vice-Chancellor and Chief Executive, whilst the Resources Committee advises the Council on all the other staffing matters.

The Audit Committee operated in accordance with the terms of reference laid down by Council. These adhered strictly to the Code of Practice issued by the Higher Education Funding Council for Wales. The Committee has also had regard to the Handbook for Members of Audit Committees in Higher Education Institutions published by the Committee of University Chairmen in February 2008. The Committee met on three occasions during 2007/08, with the University's external and internal auditors in attendance. The Committee considered detailed audit reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. (Where relevant, the Committee also receives and considers reports from, *inter alia*, the Higher Education Funding Council for Wales, as they affect the University's business, and monitors adherence to the regulatory requirements). Whilst senior executives attended meetings of the Audit Committee as necessary, they were not members of the Committee. The Committee is able to meet with the external and/or internal auditors on their own for independent discussions. Similarly, the Committee is empowered to seek any relevant information it requires from employees of the University, to obtain such independent professional advice it considers to be necessary and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary.

As mentioned above, since July 2008 responsibility for the University's risk management strategy rests with the Strategy Committee which is charged with regularly considering and reviewing the assessment and management of the risk and opportunities faced by the University and advising the Council accordingly. It is required to submit an annual report to the Council on the University's risk management framework, having taken into account the work of the University's Risk Management Group (RMG).

## **CORPORATE GOVERNANCE STATEMENT**

### **2007 – 2008**

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The membership of the University's RMG comprises the senior management of the University and the Group is chaired by the Vice-Chancellor and Chief Executive. The Group is charged with overseeing the University's risk management policy, the primary purpose of which is the adoption of best practices in the identification, evaluation and cost effective control of the whole spectrum of risks faced by the University. It also receives reports from a Health and Safety Advisory Group which includes recommendations for improvement. The RMG identified, and Council received and approved, on an ongoing basis, a risk and control matrix covering all of the University's operations. Any significant control failings, changes in risk or weaknesses were identified by the Group and discussed in the reports, including the impact that they had had, could have had, or might in future have, on the University, and the actions being taken to eliminate or control them. In addition to regular review by the Group and consideration by University Council, its various committees were required to review formally, at least once each year, those risk management issues relevant to their sphere of control and responsibility.

## RESPONSIBILITIES OF THE COUNCIL OF THE UNIVERSITY OF WALES

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In accordance with the University's Royal Charter, the Council of the University is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, 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 University's Royal Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education, 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, the Council, 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 Council has to ensure 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 is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps 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 and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

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### **Independent Auditors' Report to the Council of the University of Wales**

We have audited the financial statements ('the financial statements') of the University of Wales for the year ended 31 July 2008 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 accounting policies set out therein.

### **Respective Responsibilities of the University 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 United Kingdom Law and 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 University in accordance with the Charters and Statutes of the University. 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 and the Statement of Recommended Practice - Accounting for Further and Higher Education. We also report to you whether in our opinion, in all material respects, monies expended out of Higher Education Funding Council for Wales grants and other funds from whatever sources 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 the Higher Education Funding Council for Wales. We also report to you if, in our opinion, the University has not kept proper accounting records, the accounting records do not agree with the financial statements, 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. The other information comprises only the Report of the Council of the University and the Corporate Governance Statement.

We also review the statement of internal control included as part of the Corporate Governance Statement and comment if the statement is inconsistent with our knowledge of the University. 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 University'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL  
OF THE UNIVERSITY OF WALES - Continued**

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**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 affairs of the University at 31 July 2008, and of the surplus 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 and the Statement of Recommended Practice - Accounting for Further and Higher Education, and with United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, monies expended out of Higher Education Funding Council for Wales 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;
- iv. in all material respects, income has been applied in accordance with the University's Charter of Incorporation and where appropriate in accordance with the financial memorandum dated 1 January 1997 with the Higher Education Funding Council for Wales.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cardiff

8 December 2008

**Note:** The maintenance and integrity of the University's website is the responsibility of the University Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements when they appear on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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### 1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed asset and endowment asset investments, and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform also with the most recent Accounts Direction issued by the Higher Education Funding Council for Wales (HEFCW) in January 2008 (Ref: W08/03HE).

A summary of the more important accounting policies is set out below, together with an explanation of where they have not been applied consistently.

### 2. Recognition of Income in the Income and Expenditure Account

Recurrent grants from the HEFCW or other bodies are recognised in the period in which they are receivable.

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 payment 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 University 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 are 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 or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and the endowment fund, and is reported in the statement of total recognised gains and losses.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES – Continued

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### 3. Accounting for retirement Benefits

The University contributes to two principal pension schemes for the University's staff - the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The assets of the schemes are held in separate trustee-administered funds. The funds are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes.

#### USS

Because of the mutual nature of the scheme the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by FRS 17 "Retirement Benefits", the University 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.

#### UWSS

The assets of the UWSS are measured using closing market values at 31<sup>st</sup> July each year. Its liabilities are measured by a qualified independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### 4. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### 5. Land and Buildings

Land and Buildings are stated at cost, except in the case of Gregynog which is stated at probate value, plus or minus additions or disposals at cost. Buildings and major adaptations thereto are depreciated over their expected useful lives up to a maximum of 50 years.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the future benefits to the institution from the existing tangible asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Where buildings are acquired with the aid of specific grant, for example, from the Higher Education Funding Council for Wales or other bodies, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - Continued

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A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

### 6. Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is stated at cost and depreciated on a straight-line basis over its expected useful life as follows:-

Major computer installations and telephone equipment	-	7 years
Motor vehicles and general equipment	-	4 years
Lift installations	-	15 years
Equipment for specific research projects	-	Project life (generally 3 years)

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

### 7. Investments

Endowment Asset Investments and Fixed Asset Investments, being investments not held for immediate realisation, are included in the Balance Sheet at market value. Current Asset Investments are included at the lower of cost and net realisable value.

### 8. Accounting for Charitable Donations

- **Unrestricted Donations**

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

- **Endowments**

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

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

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES – Continued

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- **Donations for Fixed Assets**

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

### 9. **Stocks**

Stocks of books held by the University Press are valued at the lower of cost and net realisable value; books in stock are written down over 2, 3.5 or 5 years from the date of publication as determined by the Press Sub-Committee when the titles are commissioned.

Stocks of trading consumables at Gregynog are also valued at the lower of cost and net realisable value.

### 10. **Cash Flows and Liquid Resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Liquid resources include sums on short-term deposits with recognised banks, building societies, and government securities.

### 11. **Maintenance of Premises**

In line with FRS12, the University charges long-term and routine corrective maintenance costs to the income and expenditure account as they are incurred. Major expenditure which provides any enhancement of the economic benefits of the premises is capitalised in accordance with FRS 15.

### 12. **Taxation Status**

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and the Charities Act 2006, and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs as is the irrecoverable VAT on the costs of tangible fixed assets.

### 13. **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 benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2008**

	Note	<b>2008</b> £	2007 £
<b>INCOME</b>			
Funding Council Grants	1	<b>696,907</b>	1,417,642
Research Grants & Contracts		<b>83,939</b>	27,826
Other Operating Income	2	<b>8,451,660</b>	6,759,402
Endowment and Investment Income	3	<b>1,378,299</b>	1,215,974
		<hr/>	<hr/>
<b>TOTAL INCOME</b>		<b>10,610,805</b>	9,420,844
		<hr/> <hr/>	<hr/> <hr/>
<b>EXPENDITURE</b>			
Staff Costs	4	<b>3,504,058</b>	3,476,767
Exceptional Restructuring Costs	4	<b>73,539</b>	201,070
Other Operating Expenses	5	<b>5,526,961</b>	4,792,965
Depreciation	7	<b>121,672</b>	108,186
		<hr/>	<hr/>
<b>TOTAL EXPENDITURE</b>	6	<b>9,226,230</b>	8,578,988
		<hr/> <hr/>	<hr/> <hr/>
<b>Surplus After Depreciation of Tangible Fixed Assets at Cost</b>		<b>1,384,575</b>	841,856
Profit on Disposal of Fixed Asset		-	292,179
		<hr/>	<hr/>
<b>Surplus on Continuing Operations After Depreciation of Tangible Fixed Assets at Cost and Disposal of Fixed Asset</b>		<b>1,384,575</b>	1,134,035
Surplus for the Year Transferred to Accumulated Income in Endowment Funds	15	<b>(77,538)</b>	(118,612)
		<hr/>	<hr/>
<b>Surplus for the Year Retained within General Reserves</b>		<b>1,307,037</b>	1,015,423
		<hr/> <hr/>	<hr/> <hr/>

The Income and Expenditure account is in respect of continuing activities.

Note of Historical Costs Surpluses & Deficits

There is no difference between the disclosed surplus of income over expenditure stated above and its historical cost equivalent.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2008**

	Note	<b>2008</b> £	2007 £
Surplus on Continuing Operations after Depreciation of Assets at Cost and Disposal of Fixed Asset		<b>1,384,575</b>	1,134,035
(Depreciation) / Appreciation of Fixed Asset Investments	17	<b>(755,212)</b>	311,705
(Depreciation) / Appreciation of Endowment Asset Investments	15	<b>(1,782,392)</b>	839,431
New Endowments	15	<b>6,000</b>	13,036
Actuarial (Loss) / Gain on Pension Scheme	22(b4)	<b>(949,000)</b>	676,000
<b>TOTAL RECOGNISED (LOSSES) / GAINS RELATING TO THE YEAR</b>		<b>(2,096,029)</b>	2,974,207
<b>RECONCILIATION</b>			
Opening Reserves and Endowments		<b>31,011,578</b>	28,037,371
Total Recognised (Losses) / Gains relating to the Year		<b>(2,096,029)</b>	2,974,207
<b>CLOSING RESERVES AND ENDOWMENTS</b>		<b>28,915,549</b>	31,011,578

**BALANCE SHEET AS AT 31 JULY 2008**

	Note	2008 £	2007 £
<b>Fixed Assets</b>			
Tangible Assets	7	2,130,967	2,064,764
Investments	8	5,801,603	6,556,815
<b>TOTAL FIXED ASSETS</b>		<b>7,932,570</b>	<b>8,621,579</b>
<b>ENDOWMENT ASSETS</b>			
	9	15,068,899	16,907,353
<b>Current Assets</b>			
Stocks	10	515,322	354,201
Debtors	11	2,590,906	1,918,491
Short Term Deposits	19	5,310,000	5,694,000
Cash at Bank and in Hand	19	749,463	22,441
<b>Total Current Assets</b>		<b>9,165,691</b>	<b>7,989,133</b>
<b>Less: Creditors - Amounts falling due within 1 year</b>	12	<b>1,918,422</b>	<b>1,929,446</b>
<b>Net Current Assets</b>		<b>7,247,269</b>	<b>6,059,687</b>
<b>Total Assets Less Current Liabilities</b>		<b>30,248,738</b>	<b>31,588,619</b>
<b>Less: Provisions for Liabilities and Charges</b>	13	<b>42,919</b>	<b>190,070</b>
<b>TOTAL NET ASSETS EXCLUDING PENSION SCHEME LIABILITY / ASSET</b>		<b>30,205,819</b>	<b>31,398,549</b>
<b>NET PENSION SCHEME (LIABILITY) / ASSET</b>	22(b5)	<b>(616,000)</b>	<b>212,000</b>
<b>TOTAL NET ASSETS INCLUDING PENSION LIABILITY / ASSET</b>		<b>29,589,819</b>	<b>31,610,549</b>

**BALANCE SHEET AS AT 31 JULY 2008 - Continued**

	Note	2008 £	2007 £
<b>Represented by:</b>			
<b>DEFERRED CAPITAL GRANTS</b>	14	<b>674,270</b>	598,971
<b>ENDOWMENTS</b>			
Unrestricted Permanent Endowments		<b>8,570,444</b>	9,680,718
Restricted Permanent Endowments		<b>6,498,455</b>	7,087,035
<b>TOTAL PERMANENT ENDOWMENTS</b>	15	<b>15,068,899</b>	16,907,353
<b>RESERVES</b>			
Income and Expenditure Account excluding Pension Reserve	16	<b>11,828,900</b>	10,492,280
Pension Reserve	16	<b>(616,000)</b>	212,000
Income and Expenditure Account including Pension Reserve		<b>11,212,900</b>	10,704,280
Non-Distributable Capital Reserve	17	<b>679,550</b>	690,533
Revaluation Reserve	17	<b>1,954,200</b>	2,709,412
<b>TOTAL RESERVES</b>		<b>13,846,650</b>	14,104,225
<b>TOTAL FUNDS</b>		<b>29,589,819</b>	31,610,549

The Financial Statements on pages 11 to 36 were approved by University Council on 8 December 2008, and signed on its behalf by:

PROFESSOR R.M. CLEMENT - Vice-Chancellor and Chief Executive

A. THOMAS - Chairman of Resources Committee

D. I. GEORGE - Director of Resources

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2008**

	Note	2008 £	2007 £
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	18	<b>(918,102)</b>	(794,455)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Income from Endowments	15	<b>658,538</b>	604,285
Interest Received	3	<b>608,761</b>	550,689
Net Cash Inflow from Returns on Investments		<b>1,267,299</b>	1,154,974
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to Acquire Tangible Assets	7	<b>(187,874)</b>	(106,594)
Payments to Acquire Fixed Asset Investments	8	-	(992,044)
Payments to Acquire Endowment Asset Investments	9	<b>(83,538)</b>	(131,648)
Receipt from Sale of Tangible Fixed Asset		-	292,179
Deferred Capital Grants Received	14	<b>119,637</b>	3,626
Endowments Received	15	<b>6,000</b>	13,036
Net Cash Outflow from Investing Activities		<b>(145,775)</b>	(921,445)
<b>CASH INFLOW (OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>203,422</b>	(560,926)
<b>MANAGEMENT OF LIQUID RESOURCES</b>	19	<b>518,000</b>	515,000
<b>INCREASE /(DECREASE) IN CASH IN THE YEAR</b>	19	<b>721,422</b>	(45,926)
<b><u>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</u></b>			
Increase / (Decrease) in Cash in the Year		<b>721,422</b>	(45,926)
Decrease in Short Term Deposits		<b>(518,000)</b>	(515,000)
<b>CHANGE IN NET FUNDS IN THE YEAR</b>	19	<b>203,422</b>	(560,926)
Net Funds as at 1 August		<b>5,716,441</b>	6,277,367
Endowment Transfer	19	<b>139,600</b>	-
<b>Net Funds as at 31 July</b>	19	<b>6,059,463</b>	5,716,441

## NOTES TO THE FINANCIAL STATEMENTS

	Note	2008 £	2007 £
<b>1. FUNDING COUNCIL GRANTS</b>			
Recurrent Grants		245,535	241,618
Specific Grants:			
University of Wales Dictionary Unit		154,154	150,160
Celtic Studies Publications and Research		84,767	82,571
University Press		126,609	128,013
Welsh Medium Teaching Development Centre (WMTDC)		-	750,285
National Framework Implementation - Registry		9,234	7,496
WMTDC Incurred Costs - Registry		12,187	-
Strategic Support Funding -			
Centre for Advanced Welsh and Celtic Studies (CAWCS)		-	31,250
Research Investment Funds - CAWCS		28,052	-
Deferred Capital Grants Released in Year:			
Buildings	14	11,940	11,940
Equipment	14	24,429	14,309
		<b>696,907</b>	<b>1,417,642</b>
<b>2. OTHER OPERATING INCOME</b>			
Federal Support Grants from Member Institutions		849,000	861,500
Residences, Catering & Conferences		918,873	883,236
Other Services Rendered - Validation Services		5,440,765	4,318,409
Other Services Rendered - Other Services		71,926	10,699
Sales of Publications		823,976	349,078
Publications' Grants		51,705	44,600
Other Income		295,415	291,880
		<b>8,451,660</b>	<b>6,759,402</b>
<b>3. ENDOWMENT &amp; INVESTMENT INCOME</b>			
Income from Unrestricted Permanent			
Endowment Assets Investments	15	361,812	339,503
Income from Restricted Permanent			
Endowment Assets Investments	15	296,726	264,782
Other Interest Receivable		608,761	550,689
Net Return on Financing of			
Pension Scheme Provision	22(b3)	111,000	61,000
		<b>1,378,299</b>	<b>1,215,974</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	2008 £	2007 £
<b>4. STAFF COSTS</b>		
Salaries & Wages	2,869,967	2,878,106
National Insurance Contributions	223,785	225,580
Other Pensions Costs (Including FRS 17 Adjustment) [Note 23]	410,306	373,081
Staff Costs: Operating Activities	<u>3,504,058</u>	<u>3,476,767</u>
Severance Payments / Exceptional Restructuring Costs	73,539	201,070
Total Staff Costs	<u><u>3,577,597</u></u>	<u><u>3,677,837</u></u>
<b>Emoluments of Senior Staff Included Above:</b>		
Emoluments of the Vice-Chancellor and Chief Executive	<u>73,933</u>	-
Emoluments of the Senior Vice-Chancellor	<u>2,575</u>	<u>27,949</u>
Emoluments of the Secretary General	<u>6,675</u>	<u>77,376</u>

The posts of Senior Vice-Chancellor and Secretary General were replaced as from 1 September 2007 by the one post of Vice-Chancellor and Chief Executive.

The emoluments of the Senior Staff (above) exclude the University's pension contributions to USS, which are paid at the same rates as for other academic and related staff. For the Vice-Chancellor these amounted to £10,351 in 2007/08. For the former Senior Vice-Chancellor the contribution for August 2007 was £195 (£3,912 in 2006/07), and for the former Secretary General they amounted to £934 (£10,833 in 2006/07).

**Average monthly number of persons employed by the University, expressed as full-time equivalents, was :**

	Number	Number
Academic & Academic Related	51	55
Clerical	37	40
Other	15	17
	<u>103</u>	<u>112</u>

No staff of the University received emoluments (including employers' pension costs) in the range of £100,000 or greater either in 2007/08 or 2006/07.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	2008 £	2007 £
<b>5. OTHER OPERATING EXPENSES</b>		
Residences, Catering & Conferences	398,588	416,514
Fellowships, Scholarships & Prizes	230,705	115,874
Recurrent Costs of Premises	116,623	109,735
Maintenance of Premises	65,545	1,008
Other Services Rendered: Validation	3,096,810	2,585,336
Central Administration & Examination Costs	249,319	174,283
Other Central Services of the University	996,949	1,140,671
External Auditor's Remuneration	14,923	14,452
External Auditor's Remuneration : Non-Audit Services	22,901	40,867
Internal Auditor's Fee	11,391	11,695
Other Expenses	323,207	182,530
	<b>5,526,961</b>	<b>4,792,965</b>

Note: Non-Audit Services provided by the External Auditors relate to a review of certain operations, actuarial services, and taxation advice. The 2007 expenses relate to strategic review services and actuarial services.

### 6. ANALYSIS OF 2007/08 EXPENDITURE BY ACTIVITY

	Staff Costs £	Depreciation £	Other Operating Expenses £	Total 2008 £	Total 2007 £
Registry Services	1,042,848	37,826	608,659	1,689,333	1,493,453
Validation Unit	581,352	-	3,096,810	3,678,162	3,085,268
Gregynog Hall	561,550	23,885	398,588	984,023	971,852
University Press	373,046	10,496	895,524	1,279,066	727,867
Centre for Advanced Welsh & Celtic Studies					
- Supported by Research Grants	44,665	-	36,613	81,278	27,826
- Supported by University, Other Grants, and Scholarships	901,786	49,465	74,249	1,025,500	1,067,072
Welsh Med. Teaching Dev. Centre	-	-	76,440	76,440	858,702
Fellowships, Scholarships, etc.	-	-	236,325	236,325	120,022
Other Activities	8,811	-	103,753	112,564	72,856
Early Retirements, Redundancies, and Compensation Payments	73,539	-	-	73,539	201,070
Pension Scheme Reserve	(10,000)	-	-	(10,000)	(47,000)
<b>Total 2008</b>	<b>3,577,597</b>	<b>121,672</b>	<b>5,526,961</b>	<b>9,226,230</b>	<b>8,578,988</b>
Total 2007	3,677,837	108,186	4,792,965	8,578,988	

The depreciation charge has been funded by:-

Deferred Capital Grants Released (Note 14)	44,338	34,219
General Income	77,334	73,967
	<b>121,672</b>	<b>108,186</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

**7. TANGIBLE FIXED ASSETS**

	Land & Buildings Long Leasehold £	Equipment £	TOTAL £
<b>AT COST</b>			
Registry	427,563	194,157	<b>621,720</b>
CAWCS	1,061,946	189,678	<b>1,251,624</b>
UW Press	281,060	27,988	<b>309,048</b>
Gregynog	813,194	173,107	<b>986,301</b>
At 1 August 2007	2,583,763	584,930	<b>3,168,693</b>
<b>ADDITIONS AT COST</b>			
Registry	42,892	9,928	<b>52,820</b>
CAWCS	-	119,637	<b>119,637</b>
Gregynog	-	15,417	<b>15,417</b>
Total Additions at Cost	42,892	144,982	<b>187,874</b>
<b>DISPOSALS AT COST</b>			
Registry	-	(24,111)	<b>(24,111)</b>
CAWCS	-	(1,941)	<b>(1,941)</b>
<b>At Cost at 31 July 2008</b>	<b>2,626,655</b>	<b>703,860</b>	<b>3,330,515</b>
<b>DEPRECIATION</b>			
Registry	124,294	122,406	<b>246,700</b>
CAWCS	309,540	131,176	<b>440,716</b>
UW Press	38,632	21,037	<b>59,669</b>
Gregynog	211,527	145,317	<b>356,844</b>
Total at 1 August 2007	683,993	419,936	<b>1,103,929</b>
<b>Charge for year:</b>			
Registry	12,635	25,191	<b>37,826</b>
CAWCS	21,238	28,227	<b>49,465</b>
UW Press	7,026	3,470	<b>10,496</b>
Gregynog	17,790	6,095	<b>23,885</b>
Total charge for year	58,689	62,983	<b>121,672</b>
<b>Eliminated on Disposal</b>			
Registry	-	(24,111)	<b>(24,111)</b>
CAWCS	-	(1,941)	<b>(1,941)</b>
<b>Depreciation at 31 July 2008</b>	<b>742,682</b>	<b>456,867</b>	<b>1,199,549</b>
<b>NET BOOK VALUES</b>			
Registry	333,526	56,488	<b>390,014</b>
CAWCS	731,168	149,913	<b>881,081</b>
UW Press	235,402	3,481	<b>238,883</b>
Gregynog	583,877	37,112	<b>620,989</b>
<b>AT 31 JULY 2008</b>	<b>1,883,973</b>	<b>246,994</b>	<b>2,130,967</b>
AT 31 JULY 2007	1,899,770	164,994	2,064,764

**Note:** Gregynog was conveyed to the University in 1960 under the terms of a Deed of Gift which requires it to be used for the purpose of the advancement of education. If Gregynog ceases to be used for this purpose, the trusts declared in the Deed will determine and the property subject to the trust will be made over to the Margaret Davies Charity.

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

		<b>2008</b>	2007
		<b>£</b>	<b>£</b>
<b>8. FIXED ASSET INVESTMENTS</b>			
<b>Valuation at 1 August</b>		<b>6,556,815</b>	5,253,066
Additions during Year		-	992,044
(Depreciation) /Appreciation of Market Value of Fixed Asset Investments		<b>(755,212)</b>	311,705
<b>Valuation at 31 July</b>		<b>5,801,603</b>	6,556,815
		<b>£</b>	<b>£</b>
<b>9. ENDOWMENT ASSETS</b>			
	Note	<b>2008</b>	2007
		<b>£</b>	<b>£</b>
<b>Balance at 1 August</b>		<b>16,907,353</b>	15,936,274
Net Additions		<b>83,538</b>	131,648
Transfer to Reserves	15	<b>(139,600)</b>	-
(Depreciation) /Appreciation of Market Value of Endowment Asset Investments		<b>(1,782,392)</b>	839,431
<b>Balance at 31 July</b>		<b>15,068,899</b>	16,907,353
<b>Represented by:-</b>			
Fixed Interest Stocks		<b>3,793,633</b>	3,775,127
Equities & Managed Funds		<b>9,901,793</b>	11,696,705
Bank Balances	19	<b>1,395,881</b>	1,447,745
Other Net Current Liabilities		<b>(22,408)</b>	(12,224)
<b>Total Endowment Assets</b>		<b>15,068,899</b>	16,907,353

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	2008	2007
	£	£
<b>10. STOCKS</b>		
Residences & Catering (Gregynog Hall)	12,659	10,568
Stocks of Books for resale	499,283	342,879
Other	3,380	754
	515,322	354,201
	515,322	354,201
<b>11. DEBTORS: Amounts falling due within one year</b>		
Trade Debtors	2,248,475	1,667,326
Prepayments and Accrued Income	342,431	251,165
	2,590,906	1,918,491
	2,590,906	1,918,491
<b>12. CREDITORS: Amounts falling due within one year</b>		
Receipts in Advance : Validation Fees	190,933	145,040
: Others	71,271	516,636
Welsh Church Acts balances	32,755	26,280
Other Creditors - Trade Creditors	625,490	596,014
Taxation & Social Security	114,422	73,877
Accruals & Other	883,551	571,599
	1,918,422	1,929,446
	1,918,422	1,929,446
<b>Note:</b>		
<p>The Welsh Church Acts balances represent those amounts held on the Capital &amp; Revenue Accounts of the Beneficiaries Funds. These balances are distributed annually in arrears to the beneficiaries under the Welsh Church Acts; namely the university institutions at Aberystwyth, Bangor, Cardiff and Swansea (3/16ths each), the University of Wales itself and the National Library of Wales (1/8th each). Therefore, of the balance of £32,755 shown above, £4,094 is for the benefit of the University of Wales.</p>		
<b>13. PROVISION FOR LIABILITIES AND CHARGES</b>		
	2008	2007
	£	£
Restructuring Provision as at 1 August	190,070	153,779
Charged in Year	42,919	201,070
Utilised in Year	(190,070)	(164,779)
	42,919	190,070
	42,919	190,070

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**14. DEFERRED CAPITAL GRANTS**

	Funding Council		Grants and Benefactions	Total
	Buildings £	Equipment £		
<b>As at 1 August 2007</b>				
CAWCS, Aberystwyth	421,880	52,603	-	<b>474,483</b>
Gregynog	-	-	124,488	<b>124,488</b>
<b>TOTAL</b>	<b>421,880</b>	<b>52,603</b>	<b>124,488</b>	<b>598,971</b>
<b>Cash Received:</b>				
Buildings	-	-	-	-
Equipment	-	119,637	-	<b>119,637</b>
<b>TOTAL</b>	<b>-</b>	<b>119,637</b>	<b>-</b>	<b>119,637</b>
<b>Released to Income &amp; Expenditure</b>				
Buildings (Note 1)	(11,940)	-	-	<b>(11,940)</b>
Equipment (Note 1)	-	(24,429)	-	<b>(24,429)</b>
Buildings	-	-	(4,083)	<b>(4,083)</b>
Equipment	-	-	(3,886)	<b>(3,886)</b>
<b>TOTAL</b>	<b>(11,940)</b>	<b>(24,429)</b>	<b>(7,969)</b>	<b>(44,338)</b>
<b>At 31 July 2008</b>				
CAWCS, Aberystwyth	409,940	147,811	-	<b>557,751</b>
Gregynog	-	-	116,519	<b>116,519</b>
<b>TOTAL</b>	<b>409,940</b>	<b>147,811</b>	<b>116,519</b>	<b>674,270</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 15. ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total 2008	Total 2007
	£	£	£	£
<b>Opening balance as at 1 August</b>				
Capital	9,680,712	5,028,168	<b>14,708,880</b>	13,856,413
Accumulated Income	-	2,198,473	<b>2,198,473</b>	2,079,861
	9,680,712	7,226,641	<b>16,907,353</b>	15,936,274
Transfer to Reserves (Note 16)	-	(139,600)	<b>(139,600)</b>	-
New Endowments	-	6,000	<b>6,000</b>	13,036
Investment Income (Note 3)	361,812	296,726	<b>658,538</b>	604,285
Expenditure	(361,812)	(219,188)	<b>(581,000)</b>	(485,673)
	-	77,538	<b>77,538</b>	118,612
(Depreciation) / Appreciation of Endowment Asset Investments	(1,110,268)	(672,124)	<b>(1,782,392)</b>	839,431
<b>Closing balance as at 31 July</b>	<b>8,570,444</b>	<b>6,498,455</b>	<b>15,068,899</b>	16,907,353
<b>Represented by:</b>				
Capital	8,570,444	4,290,218	<b>12,860,662</b>	14,708,880
Accumulated Income	-	2,208,237	<b>2,208,237</b>	2,198,473
<b>Total</b>	<b>8,570,444</b>	<b>6,498,455</b>	<b>15,068,899</b>	16,907,353

**Note:** The following two unrestricted permanent endowment funds are considered to be material in relation to the University's overall financial position.

	Welsh Church Act Fund	Dr. Elwyn Davies Bequest	Total 2008	Total 2007
	£	£	£	£
<b>Opening balance as at 1 August</b>				
Capital	5,523,956	2,203,609	<b>7,727,565</b>	7,297,302
New Endowments	-	-	-	13,036
Investment Income	207,300	81,266	<b>288,566</b>	270,759
Expenditure	(207,300)	(81,266)	<b>(288,566)</b>	(270,759)
	-	-	-	-
(Depreciation) / Appreciation of Endowment Asset Investments	(632,559)	(253,797)	<b>(886,356)</b>	417,227
<b>Closing balance as at 31 July</b>	<b>4,891,397</b>	<b>1,949,812</b>	<b>6,841,209</b>	<b>7,727,565</b>

The Welsh Church Act Fund arose from the University's share of the proceeds of property derived from the disestablishment of the Church of England in Wales under the provisions of the Welsh Church Acts 1914 to 1938. The funds are to be used to generate an income stream for the benefit of the University.

The Dr. Elwyn Davies Bequest arose from a bequest to the University by the late Dr. Elwyn Davies. Having regard to certain preferences expressed in the will, the University may invest the funds to generate an income stream for any charitable purposes it thinks fit. As at 31 July 2008 there were no liabilities against the bequest.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 16. INCOME AND EXPENDITURE ACCOUNT INCLUDING PENSION RESERVE

	Total 2008 £	Total 2007 £
<b>1. Income and Expenditure Account</b>		
<b>At 1 August</b>	<b>10,492,280</b>	9,865,305
Transfer from Endowments ( * Note below)	<b>139,600</b>	-
Surplus Retained for the Year excluding Pension Scheme Reserve	<b>1,186,037</b>	626,975
Movement on Reserves	<b>10,983</b>	-
<b>At 31 July</b>	<b>11,828,900</b>	10,492,280
<b>2. Pension Reserve</b>		
<b>At 1 August</b>	<b>212,000</b>	(572,000)
FRS 17 Movements:		
Income and Expenditure Account	<b>121,000</b>	108,000
Actuarial (Loss)/Gain Recognised in Statement of Recognised Gains and Losses	<b>(949,000)</b>	676,000
	<b>(828,000)</b>	784,000
<b>At 31 July</b>	<b>(616,000)</b>	212,000
<b>Total Income and Expenditure Account Including Pension Scheme Liability / Asset</b>	<b>11,212,900</b>	10,704,280

\* **Note:** A review of the classification of all charitable funds held by the University was undertaken as part of the implementation of the 2007 revised SORP. As a result certain funds were reclassified as Income and Expenditure reserves rather than permanent endowments. The change was not considered material for prior year adjustment.

## 17. OTHER RESERVES

	Gregynog Non-Distributable Capital Reserve		Revaluation Reserve - Fixed Asset Investments	
	2008 £	2007 £	2008 £	2007 £
<b>At 1 August</b>	<b>690,533</b>	410,085	<b>2,709,412</b>	2,397,707
Movement on Reserves	<b>(10,983)</b>	280,448	-	-
(Reduction In) /Appreciation of Market Value of Fixed Asset Investments (Note 8)	-	-	<b>(755,212)</b>	311,705
<b>At 31 July</b>	<b>679,550</b>	690,533	<b>1,954,200</b>	2,709,412

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	Note	2008 £		2007 £
<b>18. RECONCILIATION OF SURPLUS BEFORE PROFIT ON DISPOSAL OF ASSETS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>				
Surplus after Depreciation of Tangible Fixed Assets at Cost		<b>1,384,575</b>		841,856
Depreciation	7	<b>121,672</b>		108,186
Deferred Capital Grants Released to Income	14	<b>(44,338)</b>		(34,219)
Investment Income	3	<b>(1,378,299)</b>		(1,215,974)
Increase in Stocks	10	<b>(161,122)</b>		(92,893)
(Increase) in Debtors	11	<b>(672,415)</b>		(663,648)
(Decrease)/Increase in Creditors	12	<b>(11,024)</b>		272,946
(Decrease)/Increase in Provisions	13	<b>(147,151)</b>		36,291
Pension Cost less Contributions Payable	23	<b>(10,000)</b>		(47,000)
<b>Net Cash Outflow from Operating Activities</b>		<b>(918,102)</b>		<b>(794,455)</b>
<b>19. ANALYSIS OF CHANGES IN NET FUNDS</b>				
	<b>2008</b>	Cash	Endowment	2007
<b>(i) Current Assets</b>	<b>£</b>	Flows <b>£</b>	Transfer <b>£</b>	<b>£</b>
<b>Cash at Bank and in Hand</b>				
Current Assets	<b>7,599</b>	4,717	-	2,882
Bank Deposits	<b>741,864</b>	716,705	5,600	19,559
	<b>749,463</b>	721,422	5,600	22,441
<b>Short Term Deposits (Note *)</b>	<b>5,310,000</b>	(518,000)	134,000	5,694,000
<b>Total</b>	<b>6,059,463</b>	203,422	139,600	5,716,441
<b>(ii) Endowment Assets</b>				
Cash at Bank and in Hand	<b>32,881</b>	(3,994)	(5,600)	42,475
Short Term Deposits	<b>1,363,000</b>	92,000	(134,000)	1,405,000
<b>Total</b>	<b>1,395,881</b>	88,006	(139,600)	1,447,475

\*Note: Included in the balance sheet at 31 July 2008 is a total £1 million of short term deposits held in two Icelandic banks. At present the recoverability of these amounts is uncertain. As the circumstances given rise to this uncertainty did not materialise until after 31 July 2008, no provision has been made in the financial statements for the year then ended to reflect the potential non-recoverability of these amounts. To the extent that such a provision is required, it will be made in the financial statements for the year ending 31 July 2009.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

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### 20. CONTINGENT LIABILITY

The University is a member of UM Association (Special Risks) Ltd., a company limited by guarantee formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro rata share, spread over a seven year loan facility. The University is a guarantor, on a joint and several basis with other members, of this £15 million bank facility. No liability has yet arisen under this guarantee.

### 21. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operation and the composition of the Council (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedure. No transactions require disclosure under Financial Reporting Standard No. 8 : Related Party Disclosures.

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**22. PENSION SCHEMES**

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

**(a) Universities Superannuation Scheme**

USS is 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. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. 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 assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by 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 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. 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 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	19.8 years
Females	22.8 years

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 22. PENSION SCHEMES - Continued

#### (a) Universities Superannuation Scheme - Continued

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level had increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (i.e. the valuation rate of interest). On the FRS17 basis, using an AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered in respect of that employer) will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

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### 22. PENSION SCHEMES - Continued

#### (a) Universities Superannuation Scheme - Continued

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

A formal triennial actuarial valuation of USS, as at 31 March 2008, is currently in progress. The scheme contribution rate is reviewed as part of each actuarial valuation.

The total pension cost for the University to the Universities Superannuation Scheme was £261,123 (2007 : £257,225). The contribution rate payable by the institution was 14% of pensionable salaries.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 22. PENSION SCHEMES - Continued

#### (b) University of Wales Superannuation Scheme

The University operates a defined benefit scheme in the UK whose assets are held in a separate trustee-administered fund. An estimate of the scheme's financial position was carried out at 31 July 2008 by a qualified independent actuary. The estimate was based on the last full valuation as at 31 July 2007. The major assumptions used by the actuary were:

<b>Financial Assumptions</b>	<b>31 July 2008</b>	31 July 2007	31 July 2006
Rate of increase in salaries	<b>5.30%</b>	4.20%	4.40%
Rate of increase in pensions and deferred benefits	<b>3.80%</b>	3.10%	3.10%
Discount rate	<b>6.50%</b>	5.60%	5.10%
Inflation assumption	<b>3.80%</b>	3.10%	3.10%

The current mortality assumptions are based on the PA92 tables projected to the year 2020, with medium cohort improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	<b>21.9</b>	21.9	19.8
Females	<b>24.8</b>	24.8	22.8

The assets of the scheme were:

	£000's	%	£000's	%	£000's	%
UK equities	<b>2,294</b>	<b>45%</b>	2,520	44%	2,290	45%
Overseas equities	<b>1,887</b>	<b>37%</b>	2,196	39%	1,520	30%
Bonds	<b>765</b>	<b>15%</b>	849	15%	814	16%
Property	<b>0</b>	<b>0%</b>	0	0%	160	3%
Other (includes net current assets)	<b>153</b>	<b>3%</b>	110	2%	308	6%
<b>Total assets</b>	<b><u>5,099</u></b>	<b><u>100%</u></b>	<u>5,675</u>	<u>100%</u>	<u>5,092</u>	<u>100%</u>

The following amounts at 31 July 2008 were measured in accordance with the requirements of FRS 17:

#### 1. Analysis of the amount shown in the balance sheet

	<b>31 July 2008</b>	31 July 2007	31 July 2006
	<b>£000's</b>	£000's	£000's
Total market value of scheme assets	<b>5,099</b>	5,675	5,092
Less: Present value of scheme liabilities	<b>(5,715)</b>	(5,463)	(5,664)
<b>(1) Scheme (Deficit) / Surplus:</b>			
<b>Net Pension (Liability) / Asset</b>	<b><u>(616)</u></b>	<u>212</u>	<u>(572)</u>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 22. PENSION SCHEMES - Continued

#### (b) University of Wales Superannuation Scheme - Continued

	31 July 2008 £000's	31 July 2007 £000's
<b>2. Analysis of the amount charged to staff costs within operating surplus</b>		
Current service cost	149	130
Total operating charge	<u>149</u>	<u>130</u>
<b>3. Analysis of the amount that is credited to other finance income / (charged) to interest payable</b>		
Expected return on pension scheme assets	421	351
Interest on pension scheme liabilities	(310)	(290)
Net return	<u>111</u>	<u>61</u>
<b>4. Analysis of the amount that would be recognised in statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	(988)	222
Changes in assumptions underlying the present value of the scheme liabilities	39	454
Actuarial (loss) / gain recognised in STRGL	<u>(949)</u>	<u>676</u>
<b>5. Movement in the scheme surplus in the year</b>		
Surplus / (deficit) in scheme at the beginning of the year	212	(572)
Movement in the year:		
Current service costs	(149)	(130)
Contributions	159	177
<b>Pension Scheme Operating Charge less Contributions</b>	<u>10</u>	47
Net return on assets	111	61
Actuarial (loss) / gain	(949)	676
(Deficit) / surplus at the end of the year	<u>(616)</u>	<u>212</u>
<b>6. Analysis of the movements in the present value of the scheme liabilities</b>		
At the beginning of the year	5,463	5,664
Current service cost	149	130
Contributions	41	30
Benefits paid	(209)	(197)
Interest costs	310	290
Actuarial gain	(39)	(454)
At the end of the year	<u>5,715</u>	<u>5,463</u>
<b>7. Analysis of the movement in the market value of the scheme assets</b>		
At the beginning of the year	5,675	5,092
Contributions	200	207
Benefits paid	(209)	(197)
Expected return on assets	421	351
Actuarial (loss) / gain	(988)	222
At the end of the year	<u>5,099</u>	<u>5,675</u>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 22. PENSION SCHEMES - Continued

#### (b) University of Wales Superannuation Scheme - Continued

The history of experience of the gains and losses is made up as follows :

	<b>31 July 2008</b>	31 July 2007	31 July 2006	31 July 2005	31 July 2004
Difference between the expected and actual return on scheme assets :					
Amount (£000's)	<b>(988)</b>	222	237	588	10
Percentage of scheme assets	<b>(19.3%)</b>	3.9%	4.7%	13.1%	0.3%
Experience of gains and (losses) on scheme liabilities:					
Amount (£000's)	<b>39</b>	454	(270)	(514)	(203)
Percentage of the present value of the scheme liabilities	<b>0.7%</b>	8.3%	(4.8%)	(10.0%)	(4.7%)
Total amount recognised in STRGL :					
Amount (£000's)	<b>(949)</b>	676	(33)	74	(193)
Percentage of the present value of the scheme liabilities	<b>(16.6%)</b>	12.4%	(0.6%)	1.4%	(4.4%)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £1,755,000 (2007 a loss of £806,000).

Defined benefit scheme assets do not include any of the University's own financial instruments, or any property occupied by the University.

The estimate for the contribution for the defined benefit scheme for the year 2008-09 is £ 145,000.

The actual loss on scheme assets in the year was £ 567,000 compared with a return of £573,000 in 2007.

### 23. TOTAL PENSION COSTS

The total pension cost for the University was:

	<b>2008</b>	2007
	£	£
Contributions to USS	<b>261,123</b>	257,225
Contributions to UWSS	<b>159,183</b>	162,856
FRS 17 Adjustment for UWSS	<b>(10,000)</b>	(47,000)
Total Pension Cost (Note 4)	<b><u>410,306</u></b>	<u>373,081</u>

**APPENDIX A**

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Principal University Operations -	
Summary of Income and Expenditure Accounts for the years to 31 July:	
- 2008	38
- 2007	39

## PRINCIPAL UNIVERSITY OPERATIONS - SUMMARY INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008.

	I N C O M E						Total Income £	E X P E N D I T U R E					Total Expenditure £	Surplus / (Deficit) on Year £	Grants From University Council £	Net Surplus / (Deficit) on Year £
	Short Loan & Investment Income £	Endowments Income £	HEFCW Grants £	Research Grants & Contracts £	Other Operating Income £	Miscellaneous Income £		Staff Costs £	Depreciation £	General Educational Expenditure £	Other Operating Expenditure £	Miscellaneous Expenditure £				
<i>University Operations</i>	<i>(note 1)</i>													<i>(note 3)</i>		<i>(note 4)</i>
Registry Services Account	60,845	-	21,421	-	849,000	94,112	1,025,378	1,115,767	37,826	14,206	347,918	215,547	1,731,264	(705,886)	-	(705,886)
Academic Support Fund Account	33,245	53,172	-	-	-	136,269	222,686	-	-	-	-	97,847	97,847	124,839	-	124,839
University Validation Account	16,004	-	-	-	5,440,765	76,428	5,533,197	581,352	-	-	3,096,810	-	3,678,162	1,855,035	-	1,855,035
University Press Account	-	-	126,609	-	804,402	-	931,011	373,046	10,496	853,064	25,053	17,407	1,279,066	(348,055)	133,017	(215,038)
Welsh Medium Teaching Development Centre	-	-	-	-	-	-	-	-	-	-	-	76,440	76,440	(76,440)	-	(76,440)
University Centre for Advanced Welsh and Celtic Studies Account	19,273	128,476	548,877	83,939	71,156	4,132	855,853	947,071	49,465	48,325	27,980	-	1,072,841	(216,988)	314,158	97,170
Gregynog Accounts	8,000	-	-	-	918,873	42,056	968,929	570,139	23,885	-	371,850	44,275	1,010,149	(41,220)	28,000	(13,220)
Guild of Graduates Accounts	5,765	-	-	-	-	5,367	11,132	222	-	-	-	15,853	16,075	(4,943)	-	(4,943)
Miscellaneous Accounts	8,634	-	-	-	111	-	8,745	-	-	-	-	-	-	8,745	-	8,745
Central Services Distribution Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(475,175)	(475,175)
<i>Endowment Funds</i>	-	489,574	-	-	-	-	489,574	-	-	134,571	-	-	134,571	355,003	-	355,003
<i>Reserves excluding Pension Scheme Reserve</i>	444,311	-	-	-	-	8,989	453,300	-	-	-	-	139,815	139,815	313,485	-	313,485
<b>sub-total</b>	<b>596,077</b>	<b>671,222</b>	<b>696,907</b>	<b>83,939</b>	<b>8,084,307</b>	<b>367,353</b>	<b>10,499,805</b>	<b>3,587,597</b>	<b>121,672</b>	<b>1,050,166</b>	<b>3,869,611</b>	<b>607,184</b>	<b>9,236,230</b>	<b>1,263,575</b>	<b>-</b>	<b>1,263,575</b>
<i>Pension Scheme Reserve</i>	111,000	-	-	-	-	-	111,000	(10,000)	-	-	-	-	(10,000)	121,000	-	121,000
<b>TOTALS</b>	<b>707,077</b>	<b>671,222</b>	<b>696,907</b>	<b>83,939</b>	<b>8,084,307</b>	<b>367,353</b>	<b>10,610,805</b>	<b>3,577,597</b>	<b>121,672</b>	<b>1,050,166</b>	<b>3,869,611</b>	<b>607,184</b>	<b>9,226,230</b>	<b>1,384,575</b>	<b>-</b>	<b>1,384,575</b>

## Notes:

- HEFCW Grants. Amounts include any deferred capital grants in respect of fixed assets applied during the year.
- Surplus on continuing operations after depreciation of assets at cost; see page 15 of the Financial Statements and the associated notes.
- The University Council allocates grants in support of the activities of the Central Services. The income sources for such allocations are surpluses generated from Validation activities and income from General Endowment funds.
- These totals do not take account of any internal transfer of funds between operating Accounts for such things as recharges of service costs etc.

PRINCIPAL UNIVERSITY OPERATIONS - SUMMARY INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2007.

	I N C O M E							Total Income £	E X P E N D I T U R E					Total Expenditure £	Surplus / (Deficit) on Year £	Grants From University Council £	Net Surplus / (Deficit) on Year £
	Short Loan & Investment Income £	Endowments Income £	HEFCW Grants £	Research Grants & Contracts £	Other Operating Income £	Miscellaneous Income £	Staff Costs £		Depreciation £	General Educational Expenditure £	Other Operating Expenditure £	Miscellaneous Expenditure £					
	<i>(note 1)</i>																
<i>University Operations</i>																	
Registry Services Account	53,168	-	7,496	-	861,500	31,312	953,476	1,248,582	35,265	5,314	200,733	204,201	1,694,095	(740,619)	-	(740,619)	
Academic Support Fund Account	26,405	49,202	-	-	-	69,240	144,847	-	-	48,633	-	-	48,633	96,214	-	96,214	
University Validation Account	16,002	-	-	-	4,318,409	17,550	4,351,961	499,932	-	-	2,585,336	-	3,085,268	1,266,693	-	1,266,693	
Board of Celtic Studies Accounts	6,913	-	232,731	-	47,541	-	287,185	326,320	-	88,801	8,576	-	423,697	(136,512)	186,028	49,516	
University Press Account	-	-	128,013	-	335,413	50,598	514,024	341,517	10,144	346,835	21,727	352	720,575	(206,551)	130,371	(76,180)	
Board for Welsh Medium Teaching Account	472	-	-	-	-	-	472	-	-	-	-	-	-	472	-	472	
Welsh Medium Teaching Development Centre	25,292	-	750,285	-	45,003	20,812	841,392	188,064	-	-	670,638	-	858,702	(17,310)	35,000	17,690	
University Centre for Advanced Welsh and Celtic Studies Account	13,648	117,499	299,117	27,826	10,588	4,798	473,476	580,122	39,394	32,737	18,368	-	670,621	(197,145)	137,730	(59,415)	
Gregynog Accounts	-	-	-	-	883,236	47,750	930,986	540,300	23,383	-	371,129	34,634	969,446	(38,460)	28,000	(10,460)	
Guild of Graduates Accounts	4,390	-	-	-	-	5,418	9,808	-	-	-	-	23,031	23,031	(13,223)	-	(13,223)	
Miscellaneous Accounts	6,771	-	-	-	35	-	6,806	-	-	-	-	-	-	6,806	-	6,806	
Central Services Distribution Account	-	-	-	-	-	-	-	-	-	-	-	-	-	0	(517,129)	(517,129)	
<i>Endowment Funds</i>	-	449,635	-	-	-	-	449,635	-	-	71,389	-	-	71,389	378,246	-	378,246	
<i>Reserves excluding Pension Scheme Reserve</i>	385,577	-	-	-	-	10,199	395,776	-	-	-	-	60,531	60,531	335,245	-	335,245	
<b>sub-total</b>	<b>538,638</b>	<b>616,336</b>	<b>1,417,642</b>	<b>27,826</b>	<b>6,501,725</b>	<b>257,677</b>	<b>9,359,844</b>	<b>3,724,837</b>	<b>108,186</b>	<b>593,709</b>	<b>3,876,507</b>	<b>322,749</b>	<b>8,625,988</b>	<b>733,856</b>	<b>-</b>	<b>733,856</b>	
<i>Pension Scheme Reserve</i>	61,000	-	-	-	-	-	61,000	(47,000)	-	-	-	-	(47,000)	108,000	-	108,000	
<b>TOTALS</b> (note 2)	<b>599,638</b>	<b>616,336</b>	<b>1,417,642</b>	<b>27,826</b>	<b>6,501,725</b>	<b>257,677</b>	<b>9,420,844</b>	<b>3,677,837</b>	<b>108,186</b>	<b>593,709</b>	<b>3,876,507</b>	<b>322,749</b>	<b>8,578,988</b>	<b>841,856</b>	<b>-</b>	<b>841,856</b>	

Notes:

- HEFCW Grants. Amounts include any deferred capital grants in respect of fixed assets applied during the year.
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- These totals do not take account of any internal transfer of funds between operating accounts for such things as recharges of service costs etc.

**APPENDIX B**

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Principal Governing Body, Committees, Principal Officers & Staff, Advisers etc.	
University of Wales Council	41
Committees of the University Council	42 - 43
Principal Officers and Staff of the University	44
University Advisers	44

## **University of Wales Council (from 1 September 2007)**

### **I Members Ex Officio (1)**

The Vice-Chancellor  
Professor Marc Clement BSc PhD CEng CPhys FIET

### **II Appointed Members (22)**

#### **Appointed by and from the Vice-Chancellors / Principals of the Accredited Institutions (3)**

Medwin Hughes BA DPhil FRSA *Trinity College, Carmarthen*  
Professor Noel Lloyd MA PhD *Aberystwyth University*  
Vacancy

#### **Appointed by and from the Chairs of the Accredited Institutions (3)**

R Brinley Jones CBE MA DPhil DUniv FSA University of Wales, Lampeter  
John Wyn Owen CB University of Wales Institute, Cardiff  
Sir Roger Jones OBE Swansea University

#### **Appointed by and from the Representatives of the Accredited Institutions on the Academic Board (2)**

Professor B C Burnham MA PhD FSA University of Wales, Lampeter  
Mr Graham Rogers MSc University of Wales, Newport

#### **Appointed by and from the Staff of the University (1)**

Andrew Hawke BA

#### **Appointed by the Students of the Accredited Institutions (1)**

*Vacancy*

#### **Independent Members (12)**

D Hugh Thomas *CBE DL (Chair)*  
Alun Thomas BA FCA *(Vice-Chair)*  
Elsa Davies *LVO MA FCMI FRSA*  
Geraint Evans LLB  
Gareth Lewis MA  
Councillor Penri Jones BA  
Arwel Ellis Owen BA MPhil  
Gareth Pierce MSc CStat  
Michael McGrane *OStJ DL BA*  
Hilary Neagle BSc MBA FCIPD  
Dr Ann Rhys MB BCh  
Gwenda Sippings MLib FCLib FRSA

#### **Co-opted Member (up to 2)**

His Honour Judge Eifion Roberts *QC DL (from 1 December 2007)*

#### **Secretary**

Alwena Morgan BScEcon MBA

## **Resources Committee**

### **Members Ex Officio**

Chair of Council

Vice-Chair of Council (*Chair*)

The Vice-Chancellor

### **Appointed by and from the University Council**

Gareth Lewis MA

Michael McGrane *OStJ DL* BA

Hilary Neagle BSc MBA FCIPD

Peter Noyes BSc PhD

### **Co-opted Member**

Robert V Barnes BA MSc

## **Strategy Committee**

### **Members Ex Officio**

Chair of Council (*Chair*)

Vice-Chair of Council

The Vice-Chancellor

### **Appointed by the University Council**

John Wyn Owen *CB*

Geraint Evans LLB

## **Audit Committee**

### **Appointed by the University Council**

Elsa Davies MA FCMI FRSA (*Chair*)

Geraint Evans LLB

A J Walters BA FCA

W H John BA HonMA

## **Remuneration Committee**

### **Members Ex Officio**

The Chair of Council (*Chair*)

The Vice-Chair of Council

The Vice-Chancellor

### **Appointed by the University Council**

Dr Ann Rhys MB BCh

Gareth Pierce MSc CStat

## **Nominations and Governance Committee**

### **Members Ex Officio**

The Chair of Council (*Chair*)

The Vice-Chancellor

### **Appointed by the University Council**

Medwin Hughes BA DPhil FRSA

John Wyn Owen *CB*

Gareth Pierce MSc CStat

Gwenda Sippings MLib FCLib FRSA

## **Investment Committee**

### **Members Ex Officio**

The Vice-Chancellor

The Vice-Chair of Council

### **Appointed by the University Council**

R Brinley Jones *CBE* MA DPhil DUniv FSA

Sir Peter Phillips *OBE*

His Honour Judge Eifion Roberts *QC DL LLB BCL (Chair)*

Huw Wynne-Griffith MSc

### **Co-opted Member**

Peter Westwood

## Principal Officers and Senior Management of the University

Visitor	HER MAJESTY THE QUEEN
Chancellor	HRH THE PRINCE OF WALES <i>KG KT GCB PC</i>
Pro-Chancellor	The Most Revd Barry Morgan MA PhD, Archbishop of Wales
Vice-Chancellor & Chief Executive	Professor Marc Clement BSc PhD CEng CPhys FIET
Pro Vice-Chancellor (Quality)	Professor Nigel Palastanga MA FCSP
Chair of Council	D Hugh Thomas <i>CBE DL</i>
Vice-Chair	Alun Thomas BA FCA
Director of Corporate Affairs & Secretary to the Council	Alwena Morgan BScEcon MBA
Director of Resources	D I George BScEcon CPFA
Director of Strategic Planning & Development	Lynn E Williams BA PhD
Director of Academic Affairs	John H McInally BA MA
Director of Validation Unit	Huw Flynn Hughes BA DAA
Director of Research & Innovation	Professor Dylan Jones Evans BSc(Hons) MSc PhD FRSA MIOD Docent
Director of the Centre for Advanced Welsh & Celtic Studies	Professor Geraint H. Jenkins BA PhD DLitt FBA

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### Advisers

Auditors - External	PricewaterhouseCoopers LLP
Auditors - Internal	Grant Thornton LLP
Bankers	HSBC Bank plc
Insurance Advisers	University Mutual Association Ltd
Investment Advisers	Gerrard Ltd
Pensions Advisers	PricewaterhouseCoopers LLP
Solicitors	Morgan Cole

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