

FINANCIAL STATEMENTS
FOR THE YEAR TO 31 JULY 2009

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**FINANCIAL HIGHLIGHTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

	2009	2008	Change
<u>Income & Expenditure Account</u>	£000	£000	%
<u>Income</u>			
Funding Council Grants	582	697	(16)
Research Grants and Contracts	356	84	323
Other Operating Income	9,760	8,452	15
Endowment and Investment Income	1,155	1,378	(16)
Total Income	11,853	10,611	12
Total Expenditure	11,423	9,226	24
Surplus on Continuing Operations	430	1,385	
Surplus for the Year Transferred to Accumulated Income in Endowment Funds	(16)	(78)	
Surplus for the Year Retained within General Reserves	414	1,307	
<u>Balance Sheet</u>			
Fixed Assets	7,446	7,933	(6)
Endowment Investments	14,089	15,069	(7)
Net Current Assets	7,635	7,247	5
Provisions for Liabilities and Charges	-	(43)	-
Pension Scheme Liability	(1,233)	(616)	(100)
Net Assets	27,937	29,590	(6)
(Decrease) / Increase in Net Funds	(566)	203	
<u>Other Key Statistics</u>	2009	2008	
	No.	No.	
Average Full Time Staff Equivalents	114.5	103.0	11
Students Qualified for University of Wales Degrees			
- Accredited Institutions : Initial	11,773	11,771	(0.2)
: Higher	4,537	5,007	(9.4)
- Validated Institutions : Initial	2,075	2,053	1.1
: Higher	2,266	1,642	38.0
- Affiliated Institutions : Initial	1,060	1,584	(33.1)
: Higher	347	567	(38.8)
TOTAL	22,058	22,624	(2.5)

OPERATING AND FINANCIAL REVIEW 2008-2009

Nature of the University of Wales

Founded by Royal Charter in 1893, the University of Wales is the degree-awarding body for the higher education students at its accredited and affiliated institutions across Wales, as well as for a very large number of other higher education institutions in the UK and the rest of the world whose students undertake courses of study at those institutions, but which are validated by the University as equivalent in standard to the same degrees offered in Wales itself. Under these validation arrangements in 2008/09 we had about 21,000 registered students in 30 counties and 120 institutions across the world, and at our accredited and affiliated institutions we had about 40,000 students registered for our degrees. Taken together, this makes the University of Wales one of the largest degree awarding bodies in the UK.

Under a revised Charter and Statutes which became fully operational from 1 September 2007, 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

In addition to its principal degree awarding function the University also undertakes a number of other diverse activities. Its Centre for Advanced Welsh and Celtic Studies (CAWCS) is a dedicated centre of excellence whose research staff are engaged in major multidisciplinary research projects, many of which have been successful in attracting very significant grants from the AHRC and other such bodies. In the 2008 Research Assessment Exercise (RAE), 35% of its research was rated as being of global standard and 45% being of excellent international standard, confirming its status as an international centre of excellence in the field of Celtic Studies. The University of Wales Press was established in 1922 and is a well regarded academic publishing house for dictionaries, reference-works, learned journals, academic texts, etc. It publishes in both English and Welsh and serves the academic community in Wales with specific grant support from the Higher Education Funding Council for Wales (HEFCW). Gregynog Hall was gifted to the University in 1960 by the late Miss Margaret S Davies and opened in 1964 as an educational centre for short-stay residential and day courses and conferences. Standing in 750 acres of gardens, woodland and agricultural land near Newtown in Powys, its magnificent Grade II* listed country mansion provides an exceptional venue for concentrated study. The University's Global Academy is being developed with its strategic partner institutions and other public bodies as a means of boosting the economic and innovation performance of Wales through collaborative initiatives between higher education and the private sector in Wales and is very much in keeping with the recently announced policy of the Government to foster closer ties between academia and industry. It was successful in attracting ERDF funding through the Welsh Assembly Government during the year for an £11M, five-year research degree programme for 100 of the best scholars in the world to be located in private companies in the convergence areas of Wales.

During the year, the University has developed a strategic plan for the next five years which encompasses a sustained period of investment in the following strategic goals:

- To maintain and enhance the quality and standards of the University's degrees and other academic awards.
- To continue to be recognised in Wales and worldwide for the world-class standard of the University's research and scholarship.
- To be an essential and innovative contributor to the economic, social, cultural and intellectual well being of Wales, and to its sustainability.
- To develop further the University's interaction with international partners and, thereby, its global impact.
- To ensure that the resources necessary to achieve these goals are available on a sustainable basis for the future and that the University's governance and management arrangements are fit for purpose.

OPERATING AND FINANCIAL REVIEW 2008-2009

Financial Position

The University's operating strategy outlined above is underpinned by an extremely strong balance sheet. The investment in its strategic goals over the next five years will draw on its reserves in order to consolidate the sustainable operational base upon which the University will grow.

The Financial Statements for the year ended 31 July 2009, comprise the results of the activities of the University Registry in support of the principal operations of the University 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. Appendix B provides a five-year analysis of the University's income and expenditure accounts, balance sheets, and key financial indicators.

Results for the Year

The summary financial schedule on page 2 above provides financial highlights on the year's operations for which further detail can be found in the main body of the financial statements. The University Council is pleased to report that for the year ended 31 July 2009, the University achieved an overall surplus on its continuing operations of £430K on total income of £11.9M compared with £1.4M and £10.6M respectively in the previous year. The surplus for the year was after providing for an exceptional impairment of £528K in relation to deposits and accrued interest totalling £1.1M in two failed Icelandic Banks, as explained in Note 23 to these accounts.

Total income for the year grew by £1.2M (12%) to £11.9M, principally from continued growth in the University's validation operations which generated fee and other income of £7M compared with £5.4M in the previous year. Income from research grants and contracts increased by £272K, mainly as a result of grants from the AHRC to CAWCS and ERDF grant for the research degrees project under the Global Academy.

The University receives only limited funding from HEFCW in the form of earmarked grants for the Press and the Dictionary unit at CAWCS and QR grant for the research operations at CAWCS. Total HEFCW funding accounted for less than 5% of the University's total income for the year. Endowment and investment income was £1.2M for the year compared with £1.4M in the previous year. The reduction of circa £200K primarily reflected the very low rates of interest available on UK deposits following the fall in base rates to the historically low level of 0.5% by March 2009 as a result of the global credit crisis which came to a head in September 2008 with the bankruptcy of the US investment bank, Lehman Brothers.

Total operating expenditure for the year, excluding the exceptional impairment provision of £528K, was £1.7M (18%) higher at £10.9M. Total staff costs were £653K higher (19%) at about £4.2M. This increase was due to the effect of the two-phase national pay award in 2008, which added over 8% to base costs before increments, and a significant increase in staff numbers (10%) for the Global Academy, validation services and quality assurance. Other Operating expenses increased by about £1.1M (20%) to £6.6M due to the rapid expansion of the validation services as described above.

Investment Performance

The unprecedented turmoil in world financial markets continued unabated in the first half of the financial year. In the UK, the FTSE 100 reached a low of 3,512 in March 2009 before recovering to 4,608 by 31 July in response to global governments' efforts to stimulate their economies with massive injections of liquidity and through the effects of low interest rates. The combined market values of the University's fixed asset and endowment asset investments depreciated by £1.4M (just under 7%) over the year to 31 July 2009, but distributed income from the University's investments portfolio decreased by only 3% despite the impact of the global recession on corporate earnings.

OPERATING AND FINANCIAL REVIEW 2008-2009

Cash Flows

There was a reduction in net funds in the year of £566K compared with an increase of £203K in the previous year. Discounting the effect of the impairment provision of £528K for Icelandic Bank deposits the reduction was £38K. At the year end the University's cash and short-term deposits stood at £5.5M 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. The global credit crisis in 2008 has reduced very considerably the number of financial institutions holding the highest credit ratings and also the interest rates offered on deposits. This has had a considerable impact on University income from these sources but the University has decided not to reduce its credit rating criteria in order to attract higher returns on its deposits.

Balance Sheet

Despite total recognised losses of £1.6M for the year, principally as a result of an increase in the pension scheme deficit and the fall in fixed asset and endowment asset investment values, the University's balance sheet remains strong with net assets of about £28M at the 31 July 2009. It has no external borrowing, healthy cash balances and substantial endowment assets. The liability on its in-house pension scheme doubled to £1.2M in the year, primarily as a result of the poor performance of the equity investments in the managed fund. The university sector in the UK is increasingly concerned about pension scheme liabilities and there is an ongoing review to determine how best to address the issue.

Conclusion

The University's financial position is robust and its income stream from collaborative provision continues to grow year on year. It has a world class research centre at CAWCS and a conferencing facility at Gregynog which offers the scope for significant diversity in its operations. The Global Academy is aimed squarely at encouraging collaboration between higher education in Wales and industry and the University will be investing in quality enhancement and research infrastructure over the coming five years. It has also invested in 2009 in a collaborative online environment to provide information, networking and learning opportunities to all its stakeholders (the Global Campus). It is forming major partnerships in China and Asia in addition to expanding its validating operations across the world. Above all, it has forged a formal strategic alliance with those higher education institutions in Wales who will continue to award its degrees. The primary goal of this alliance is to develop new strategic initiatives that will contribute to the economic, social, cultural and intellectual well-being of Wales. The alliance will also support and safeguard the academic objectives, quality and standards of both the University and the institutions.

Through all these initiatives it is intended that the University of Wales brand will continue to be recognised as an international exemplar of quality in higher education.

D Hugh Thomas
Chairman of Council

CORPORATE GOVERNANCE STATEMENT 2008 – 2009

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 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.

The University Council 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 2009 and up to the date of approval of the financial statements, that it is subject to 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.

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 C 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.

CORPORATE GOVERNANCE STATEMENT 2008 – 2009

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.

Overall responsibility for the risk management within the University rests with the Strategy Committee, supported by the Risk Management Group, which comprises the senior management of the University. The Strategy Committee is charged with regularly considering and reviewing the assessment and management of the risk and opportunities faced by the University and with 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). The identification, evaluation and control of risks faced by the University were considered in detail during the development of its new Strategic Plan, which has been ongoing throughout the year. Council received and approved the Annual Report on risk which included a risk and control matrix covering all of the University's operations.

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 2008/09, 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.

RESPONSIBILITIES OF THE COUNCIL OF THE UNIVERSITY OF WALES

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

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

We have audited the financial statements of the University of Wales for the year ended 31 July 2009 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 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 in all material respects for the purposes for which they are received 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 whether, in our opinion, the information given in the Report of the Council is consistent with those financial statements. In addition we report to you if, in our opinion, the University has not kept adequate accounting records, if the financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Council 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 Operating and Financial Review 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

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 judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the University'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 2009, and of the University's income and expenditure, recognized gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales 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; and
- iv. in all material respects, income has been applied in accordance with the University's Statutes and where appropriate in accordance with the financial memorandum effective from 1 August 2008 issued by the Higher Education Funding Council for Wales.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff

14 December 2009

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

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 2009 (Ref: W09/02HE).

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 constructions 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

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 31st 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

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

- **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 2009**

	Note	2009 £	2008 £
INCOME			
Funding Council Grants	1	581,773	696,907
Research Grants & Contracts	2	356,737	83,939
Other Operating Income	3	9,759,852	8,451,660
Endowment and Investment Income	4	1,154,918	1,378,299
		11,853,280	10,610,805
		11,853,280	10,610,805
EXPENDITURE			
Staff Costs	5	4,157,489	3,504,058
Exceptional Restructuring Costs	5	-	73,539
Exceptional Impairment of Icelandic Bank Deposits	6 & 23	528,000	-
Other Operating Expenses	6	6,608,239	5,526,961
Depreciation	8	129,165	121,672
		11,422,893	9,226,230
		11,422,893	9,226,230
Surplus Before Exceptional Items			
		958,387	1,458,114
Restructuring Costs			
		-	(73,539)
Impairment of Icelandic Bank Deposits			
		(528,000)	-
Surplus After Depreciation of Tangible Fixed Assets at Cost			
		430,387	1,384,575
Surplus for the Year Transferred to Accumulated Income in Endowment Funds			
	16	(16,095)	(77,538)
		414,292	1,307,037
		414,292	1,307,037

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 2009**

	Note	2009 £	2008 £
Surplus on Continuing Operations after Depreciation of Tangible Assets at Cost		430,387	1,384,575
Depreciation of Fixed Asset Investments	18	(421,813)	(755,212)
Depreciation of Endowment Asset Investments	16	(995,743)	(1,782,392)
New Endowments	16	-	6,000
Actuarial Loss on Pension Scheme	24(b4)	(623,000)	(949,000)
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		(1,610,169)	(2,096,029)
RECONCILIATION			
Opening Reserves and Endowments		28,915,549	31,011,578
Total Recognised Losses relating to the Year		(1,610,169)	(2,096,029)
CLOSING RESERVES AND ENDOWMENTS		27,305,380	28,915,549

BALANCE SHEET AS AT 31 JULY 2009

	Note	2009 £	2008 £
Fixed Assets			
Tangible Assets	8	2,065,721	2,130,967
Investments	9	5,379,790	5,801,603
TOTAL FIXED ASSETS		7,445,511	7,932,570
ENDOWMENT ASSETS			
	10	14,089,251	15,068,899
Current Assets			
Stocks	11	460,974	515,322
Debtors	12	3,874,227	2,590,906
Short Term Deposits	20	4,834,000	5,310,000
Cash at Bank and in Hand	20	659,237	749,463
Total Current Assets		9,828,438	9,165,691
Less: Creditors - Amounts falling due within 1 year	13	2,193,362	1,918,422
Net Current Assets		7,635,076	7,247,269
Total Assets Less Current Liabilities		29,169,838	30,248,738
Less: Provisions for Liabilities and Charges	14	-	42,919
TOTAL NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		29,169,838	30,205,819
NET PENSION SCHEME LIABILITY	24(b5)	(1,233,000)	(616,000)
TOTAL NET ASSETS INCLUDING PENSION LIABILITY		27,936,838	29,589,819

BALANCE SHEET AS AT 31 JULY 2009 - Continued

	Note	2009 £	2008 £
Represented by:			
DEFERRED CAPITAL GRANTS	15	631,458	674,270
ENDOWMENTS			
Unrestricted Permanent Endowments		7,950,322	8,570,444
Restricted Permanent Endowments		6,138,929	6,498,455
TOTAL PERMANENT ENDOWMENTS	16	14,089,251	15,068,899
RESERVES			
Income and Expenditure Account excluding Pension Reserve	17	12,248,175	11,828,900
Pension Reserve	17	(1,233,000)	(616,000)
Income and Expenditure Account including Pension Reserve		11,015,175	11,212,900
Non-Distributable Capital Reserve	18	668,567	679,550
Revaluation Reserve	18	1,532,387	1,954,200
TOTAL RESERVES		13,216,129	13,846,650
TOTAL FUNDS		27,936,838	29,589,819

The Financial Statements on pages 11 to 38 were approved by University Council on 14 December 2009, 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 2009**

	Note	2009 £	2008 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	(745,736)	(918,102)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Income from Endowments	16	615,450	658,538
Interest Received	4	530,468	608,761
		<hr/>	<hr/>
Net Cash Inflow from Returns on Investments		1,145,918	1,267,299
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to Acquire Tangible Assets	8	(63,919)	(187,874)
Payments to Acquire Endowment Asset Investments	10	(16,095)	(83,538)
Deferred Capital Grants Received	15	9,893	119,637
Endowments Received	16	-	6,000
		<hr/>	<hr/>
Net Cash Outflow from Investing Activities		(70,121)	(145,775)
CASH (OUTFLOW) / INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		330,061	203,422
MANAGEMENT OF LIQUID RESOURCES	20	(420,287)	518,000
		<hr/>	<hr/>
(DECREASE) / INCREASE IN CASH IN THE YEAR	20	(90,226)	721,422
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

(Decrease) / Increase in Cash in the Year		(90,226)	721,422
Increase / (Decrease) in Short Term Deposits		420,287	(518,000)
Non-cash changes	20	(896,287)	-
		<hr/>	<hr/>
CHANGE IN NET FUNDS IN THE YEAR		(566,226)	203,422
Net Funds as at 1 August		6,059,463	5,716,441
Endowment Transfer	17	-	139,600
		<hr/>	<hr/>
Net Funds as at 31 July	20	5,493,237	6,059,463
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 £	2008 £
1. FUNDING COUNCIL GRANTS			
Recurrent Grants		246,322	245,535
Specific Grants:			
University of Wales Dictionary Unit		158,400	154,154
Celtic Studies Publications and Research		-	84,767
University Press		130,091	126,609
National Framework Implementation - Registry		-	9,234
WMTDC Incurred Costs - Registry		-	12,187
Research Investment Funds - CAWCS		2,225	28,052
Deferred Capital Grants Released in Year:			
Buildings	15	11,940	11,940
Equipment	15	32,795	24,429
		581,773	696,907
		581,773	696,907
2. RESEARCH GRANTS & CONTRACTS			
BIS Research Councils		246,911	82,439
UK-based Charities (other)		11,311	-
UK Central Government Bodies		4,179	1,500
UK Industry		14,362	-
EU Government Bodies		79,974	-
		356,737	83,939
		356,737	83,939
3. OTHER OPERATING INCOME			
Federal Support Grants from Member Institutions		814,000	849,000
Residences, Catering & Conferences		939,270	918,873
Other Services Rendered - Validation Services		7,038,928	5,440,765
Other Services Rendered - Other Services		110,550	71,926
Sales of Publications		458,442	823,976
Publications' Grants		16,537	51,705
Other Income		382,125	295,415
		9,759,852	8,451,660
		9,759,852	8,451,660
4. ENDOWMENT & INVESTMENT INCOME			
Income from Unrestricted Permanent			
Endowment Assets Investments	16	346,773	361,812
Income from Restricted Permanent			
Endowment Assets Investments	16	268,677	296,726
Other Interest Receivable		530,468	608,761
Net Return on Financing of			
Pension Scheme Provision	24(b3)	9,000	111,000
		1,154,918	1,378,299
		1,154,918	1,378,299

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2009 £	2008 £
5. STAFF COSTS		
Salaries & Wages	3,427,269	2,869,967
National Insurance Contributions	273,020	223,785
Other Pensions Costs (Including FRS 17 Adjustment) [Note 25]	457,200	410,306
Staff Costs: Operating Activities	<u>4,157,489</u>	<u>3,504,058</u>
Severance Payments / Exceptional Restructuring Costs	-	73,539
Total Staff Costs	<u><u>4,157,489</u></u>	<u><u>3,577,597</u></u>
Emoluments of Senior Staff Included Above:		
Emoluments of the Vice-Chancellor and Chief Executive	<u>91,240</u>	<u>73,933</u>
Emoluments of the Senior Vice-Chancellor	-	<u>2,575</u>
Emoluments of the Secretary General	-	<u>6,675</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. For the Vice-Chancellor and Chief Executive these amounted to £12,773 in 2008/09 (£10,351 in 2007/08). For the former post of Senior Vice-Chancellor the contribution for 2007/08 was £195, and for the former post of Secretary General the contribution for 2007/08 was £934.

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

	Number	Number
Administrative and Professional	68.4	59.0
Research	23.8	20.3
Operational	<u>22.3</u>	<u>23.7</u>
	<u><u>114.5</u></u>	<u><u>103.0</u></u>

The number of staff, including the Vice-Chancellor and Chief Executive, who received emoluments (including employers' pension costs) in the following range was:

£100,000 - £109,999	<u>1</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS - Continued

	2009 £	2008 £
6. OTHER OPERATING EXPENSES		
Residences, Catering & Conferences	436,700	398,588
Fellowships, Scholarships & Prizes	340,341	132,858
Recurrent Costs of Premises	98,174	94,878
Maintenance of Premises	25,062	87,290
Other Services Rendered: Validation	4,134,267	3,096,810
Central Administration Costs	311,973	249,319
Other Central Services of the University	722,954	996,949
External Auditor's Remuneration	13,724	14,923
External Auditor's Remuneration : Non-Audit Services	3,381	22,901
Internal Auditor's Fee	12,028	11,391
Other Expenses	509,635	421,054
Impairment: Icelandic Bank Deposits	528,000	-
	<u>7,136,239</u>	<u>5,526,961</u>

Note: Non-Audit Services provided by the External Auditors relate to actuarial services. The 2008 expenses relate to a review of certain operations, actuarial services, and taxation advice.

7. ANALYSIS OF 2008/09 EXPENDITURE BY ACTIVITY

	Staff Costs £	Depreciation £	Other Operating Expenses £	Total 2009 £	Total 2008 £
Registry Services	1,417,378	38,344	684,610	2,140,332	1,689,333
Validation Unit	699,049	-	4,134,267	4,833,316	3,678,162
Gregynog Hall	525,727	25,812	436,700	988,239	984,023
University Press	322,922	9,734	447,715	780,371	1,279,066
Centre for Advanced Welsh & Celtic Studies					
- funded from Research Grants	151,489	-	55,356	206,845	81,278
- funded from University sources	919,445	55,275	111,989	1,086,709	1,025,500
Global Academy					
- funded from Research Grants	56,810	-	39,811	96,621	-
- funded from University sources	52,958	-	123,698	176,656	-
Welsh Med. Teaching Dev. Centre	-	-	-	-	76,440
Fellowships, Scholarships, etc.	-	-	340,341	340,341	138,478
Impairment: Icelandic Bank Deposits	-	-	528,000	528,000	-
Other Activities	8,711	-	233,752	242,463	210,411
Early Retirements, Redundancies, and Compensation Payments	-	-	-	-	73,539
Pension Scheme Reserve	3,000	-	-	3,000	(10,000)
Total 2009	<u>4,157,489</u>	<u>129,165</u>	<u>7,136,239</u>	<u>11,422,893</u>	<u>9,226,230</u>
Total 2008	3,577,597	121,672	5,526,961	9,226,230	

The depreciation charge has been funded by:-

Deferred Capital Grants Released (Note 15)	52,705	44,338
General Income	76,460	77,334
	<u>129,165</u>	<u>121,672</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

8. TANGIBLE FIXED ASSETS

	Land & Buildings Long Leasehold £	Equipment £	TOTAL £
AT COST			
Registry	470,455	179,974	650,429
CAWCS	1,061,946	307,374	1,369,320
UW Press	281,060	27,988	309,048
Gregynog	813,194	188,524	1,001,718
At 1 August 2008	2,626,655	703,860	3,330,515
ADDITIONS AT COST			
Registry	-	53,939	53,939
CAWCS	-	9,980	9,980
Total Additions at Cost	-	63,919	63,919
DISPOSALS AT COST			
Registry	-	(33,403)	(33,403)
CAWCS	-	(1,148)	(1,148)
Gregynog	-	(2,248)	(2,248)
At Cost at 31 July 2009	2,626,655	730,980	3,357,635
DEPRECIATION			
Registry	136,929	123,487	260,416
CAWCS	330,778	157,461	488,239
UW Press	45,658	24,507	70,165
Gregynog	229,317	151,412	380,729
Total at 1 August 2008	742,682	456,867	1,199,549
Charge for year:			
Registry	13,206	25,138	38,344
CAWCS	21,238	34,037	55,275
UW Press	7,026	2,708	9,734
Gregynog	17,790	8,022	25,812
Total charge for year	59,260	69,905	129,165
Eliminated on Disposal			
Registry	-	(33,403)	(33,403)
CAWCS	-	(1,148)	(1,148)
Gregynog	-	(2,248)	(2,248)
Depreciation at 31 July 2009	801,942	489,973	1,291,915
NET BOOK VALUES			
Registry	320,320	85,288	405,608
CAWCS	709,930	125,856	835,786
UW Press	228,377	773	229,150
Gregynog	566,087	29,090	595,177
AT 31 JULY 2009	1,824,714	241,007	2,065,721
AT 31 JULY 2008	1,883,973	246,994	2,130,967

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

		2009 £	2008 £
9. FIXED ASSET INVESTMENTS			
Valuation at 1 August		5,801,603	6,556,815
Depreciation of Market Value of Fixed Asset Investments		(421,813)	(755,212)
Valuation at 31 July		<u>5,379,790</u>	<u>5,801,603</u>
	Note	2009 £	2008 £
10. ENDOWMENT ASSETS			
Balance at 1 August		15,068,899	16,907,353
Net Additions		16,095	83,538
Transfer to Reserves	16	-	(139,600)
Depreciation of Market Value of Endowment Asset Investments		(995,743)	(1,782,392)
Balance at 31 July		<u>14,089,251</u>	<u>15,068,899</u>
Represented by:-			
Fixed Interest Stocks		3,949,601	3,793,633
Equities & Managed Funds		8,750,082	9,901,793
Bank Balances	20	1,398,368	1,395,881
Other Net Current Liabilities		(8,800)	(22,408)
Total Endowment Assets		<u>14,089,251</u>	<u>15,068,899</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2009	2008
	£	£
11. STOCKS		
Residences & Catering (Gregynog Hall)	10,931	12,659
Stocks of Books for resale	434,184	499,283
Other	15,859	3,380
	<u>460,974</u>	<u>515,322</u>
12. DEBTORS: Amounts falling due within one year		
Trade Debtors	3,014,431	2,248,475
Prepayments and Accrued Income	436,909	342,431
Investments held in Icelandic Banks [Note 23]	422,887	-
	<u>3,874,227</u>	<u>2,590,906</u>
13. CREDITORS: Amounts falling due within one year		
Receipts in Advance : Validation Fees	117,231	190,933
: Others	127,631	71,271
Welsh Church Acts balances	35,344	32,755
Other Creditors - Trade Creditors	506,795	625,490
Taxation & Social Security	120,654	114,422
Accruals & Other	1,285,707	883,551
	<u>2,193,362</u>	<u>1,918,422</u>
Note:		
The Welsh Church Acts balances represent those amounts held on the Capital & 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 £35,344 shown above, £4,418 is for the benefit of the University of Wales.		
14. PROVISION FOR LIABILITIES AND CHARGES		
	2009	2008
	£	£
Restructuring Provision as at 1 August	42,919	190,070
Charged in Year	-	42,919
Utilised in Year	(42,919)	(190,070)
	<u>-</u>	<u>42,919</u>
Restructuring Provision as at 31 July	<u>-</u>	<u>42,919</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

15. DEFERRED CAPITAL GRANTS

	Funding Council		Grants and	Total
	Buildings	Equipment	Benefactions	
	£	£	£	£
As at 1 August 2008				
CAWCS, Aberystwyth	409,940	147,811	-	557,751
Gregynog	-	-	116,519	116,519
TOTAL	409,940	147,811	116,519	674,270
Cash Received:				
Equipment	-	9,893	-	9,893
TOTAL	-	9,893	-	9,893
Released to Income & Expenditure				
Buildings (Note 1)	(11,940)	-	-	(11,940)
Equipment (Note 1)	-	(32,795)	-	(32,795)
Buildings	-	-	(4,083)	(4,083)
Equipment	-	-	(3,887)	(3,887)
TOTAL	(11,940)	(32,795)	(7,970)	(52,705)
At 31 July 2009				
CAWCS, Aberystwyth	398,000	124,909	-	522,909
Gregynog	-	-	108,549	108,549
TOTAL	398,000	124,909	108,549	631,458

NOTES TO THE FINANCIAL STATEMENTS - Continued

16. ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total 2009	Total 2008
	£	£	£	£
Opening balance as at 1 August				
Capital	8,570,444	4,290,218	12,860,662	14,708,880
Accumulated Income	-	2,208,237	2,208,237	2,198,473
	8,570,444	6,498,455	15,068,899	16,907,353
Transfer to Reserves (Note 17)	-	-	-	(139,600)
New Endowments	-	-	-	6,000
Investment Income (Note 4)	346,773	268,677	615,450	658,538
Expenditure	(346,773)	(252,582)	(599,355)	(581,000)
	-	16,095	16,095	77,538
Depreciation of Endowment Asset Investments	(620,122)	(375,621)	(995,743)	(1,782,392)
Closing balance as at 31 July	7,950,322	6,138,929	14,089,251	15,068,899
Represented by:				
Capital	7,950,322	3,914,699	11,865,021	12,860,662
Accumulated Income	-	2,224,230	2,224,230	2,208,237
Total	7,950,322	6,138,929	14,089,251	15,068,899

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 2009	Total 2008
	£	£	£	£
Opening balance as at 1 August				
Capital	4,891,397	1,949,812	6,841,209	7,727,565
New Endowments	-	-	-	-
Investment Income	197,871	78,790	276,661	288,566
Expenditure	(197,871)	(78,790)	(276,661)	(288,566)
	-	-	-	-
Depreciation of Endowment Asset Investments	(353,306)	(141,754)	(495,060)	(886,356)
Closing balance as at 31 July	4,538,091	1,808,058	6,346,149	6,841,209

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 2009 there were no liabilities against the bequest.

NOTES TO THE FINANCIAL STATEMENTS - Continued

17. INCOME AND EXPENDITURE ACCOUNT INCLUDING PENSION RESERVE

	Total 2009 £	Total 2008 £
1. Income and Expenditure Account		
At 1 August	11,828,900	10,492,280
Transfer from Endowments (* Note below)	-	139,600
Surplus Retained for the Year excluding Pension Scheme Reserve	408,292	1,186,037
Movement on Reserves (Note 18)	10,983	10,983
At 31 July	12,248,175	11,828,900
2. Pension Reserve		
At 1 August	(616,000)	212,000
FRS 17 Movements:		
Income and Expenditure Account	6,000	121,000
Actuarial Loss Recognised in Statement of Recognised Gains and Losses	(623,000)	(949,000)
	(617,000)	(828,000)
At 31 July	(1,233,000)	(616,000)
Total Income and Expenditure Account Including Pension Scheme Liability	11,015,175	11,212,900

* **Note:** In 2008 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.

18. OTHER RESERVES

	Gregynog Non-Distributable Capital Reserve		Revaluation Reserve - Fixed Asset Investments	
	2009 £	2008 £	2009 £	2008 £
At 1 August	679,550	690,533	1,954,200	2,709,412
Movement on Reserves	(10,983)	(10,983)	-	-
Depreciation of Market Value of Fixed Asset Investments (Note 9)	-	-	(421,813)	(755,212)
At 31 July	668,567	679,550	1,532,387	1,954,200

NOTES TO THE FINANCIAL STATEMENTS - Continued

	Note	2009 £		2008 £
19. RECONCILIATION OF SURPLUS BEFORE PROFIT ON DISPOSAL OF ASSETS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES				
Surplus After Depreciation of Tangible Fixed Assets at Cost		430,387		1,384,575
Depreciation	8	129,165		121,672
Deferred Capital Grants Released to Income	15	(52,705)		(44,338)
Impairment of Icelandic bank deposits	23	528,000		-
Investment Income	4	(1,154,918)		(1,378,299)
Decrease/(Increase) in Stocks	11	54,348		(161,122)
(Increase) in Debtors	12	(915,034)		(672,415)
Increase/(Decrease) in Creditors	13	274,940		(11,024)
(Decrease) in Provisions	14	(42,919)		(147,151)
Pension Cost less Contributions Payable	24(b5)	3,000		(10,000)
Net Cash Outflow from Operating Activities		(745,736)		(918,102)
20. ANALYSIS OF CHANGES IN NET FUNDS				
	2009	Cash Flows	Non-cash Changes	2008
(i) Current Assets	£	£	£	£
Cash at Bank and in Hand				
Current Assets	8,175	576	-	7,599
Bank Deposits	651,062	(90,802)	-	741,864
	659,237	(90,226)	-	749,463
Short Term Deposits	4,834,000	420,287	(896,287)	5,310,000
Total	5,493,237	330,061	(896,287)	6,059,463
(ii) Endowment Assets				
Cash at Bank and in Hand	32,368	(513)	-	32,881
Short Term Deposits	1,366,000	3,000	-	1,363,000
Total	1,398,368	2,487	-	1,395,881

Note: The non-cash change column relates to the inclusion of Icelandic bank deposits within debtors in 2009 rather than short-term deposits (see Note 23).

NOTES TO THE FINANCIAL STATEMENTS - Continued

21. CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

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.

The University had authorised but not contracted for certain reservoir safety engineering works at Gwgia reservoir on the Gregynog estate in the sum of £89,507 plus vat.

22. 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 procedures. No transactions require disclosure under Financial Reporting Standard No. 8 : Related Party Disclosures.

NOTES TO THE FINANCIAL STATEMENTS - Continued

23. IMPAIRMENT OF ICELANDIC BANK DEPOSITS

Early in October 2008, the Icelandic banks Landsbanki Islands hf, Kaupthing Singer and Friedlander Ltd., and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The University had £1,000,000 deposited with two of these institutions, with varying maturity dates and interest rates as follows:

	(i) Kaupthing Singer and Friedlander	(ii) Landsbanki Islands hf.
Amount Invested:	£500,000	£500,000
Date Invested:	31/01/2008	15/02/2008
Maturity Date:	30/01/2009	16/02/2009
Interest Rate	5.40 %	5.52 %
Carrying Amount:	£527,000	£527,600

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timings of payments to depositors such as the University will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the University considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Kaupthing Singer and Friedlander Limited

The creditor progress report issued by the administrators Ernst and Young, dated 17 April 2009 outlined that the return to creditors was projected to be a minimum of 50p in the £ but no timescale is indicated. The administrator indicated that the estimate could be lower or higher if significant issues arose; the 50p in the £ stated is therefore the best estimate within a range of possible amounts. The first dividend payment of 20p in the £ was received in July 2009. The University has decided to recognise an impairment of £267,750 based on it recovering 50p in the £ up to October 2012 (the date up to which the High Court has permitted the administration to be extended).

In calculating the impairment the University has therefore made the assumption that the remaining 30 % recovery will be split evenly between December 2009, December 2010, December 2011 and December 2012. Recoveries are expressed as a percentage of the University's claim in the administration, which includes interest accrued up to 7 October 2008.

Landsbanki Islands hf

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (New Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a Resolution Committee. Old Landsbanki's affairs are being administered under Icelandic law. The Landsbanki Resolution Committee announced in June 2009 that its best estimate of the amount to be repaid to preferential depositors is 83 %. However, 23 % of the latter is dependent

NOTES TO THE FINANCIAL STATEMENTS - Continued

on the maturity of a 10 year Bond issued by the new bank to the old one.

Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the Resolution Committee and on the settlement of the University's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of Old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank equate to just under one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 32p in the £. In view of these many uncertainties the University has therefore decided to use a midpoint between 32p and 83p as the basis for calculating the recoverable amount, and has recognised an impairment of £258,850 based on recovering 50p in the £ on the deposit.

No information has been provided by the Resolution Committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay creditors, settlement in a single sum is unlikely. Therefore in calculating the impairment, the University has used the estimated repayment timetables for KS&F as a basis for its assumption about the timing of recoveries. It is therefore assumed that the repayment will be split evenly between March 2010, December 2010, December 2011 and December 2012.

Recoveries are expressed as a percentage of the University's claim in the administration, which includes interest accrued up to 22 April 2009. In cases where the maturity date is before 22 April 2009, interest between the maturity date and 22 April 2009 will be credited at a penalty rate. The current U.K. penalty rate is 8% and the University has used this rate to calculate the amount to be included in the claim given the maturity date of its deposit was 16 February 2009.

Impairment Calculation and Recoverable Balance of Deposits

	£	
Amount Invested	1,000,000	
Interest Due	54,600	
Carrying Amount:		1,054,600
less Recoverable Amount: KS&F	(259,250)	
less Recoverable Amount: Landsbanki	(267,350)	
		(526,600)
Impairment Recognised in Income and Expenditure Account		528,000
Recoverable Amount of Deposits (£526,600 less £103,713 received July 2009)		422,887

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. PENSION SCHEMES

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

(a) Universities Superannuation Scheme

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. USS has over 130,000 active members and the institution has 59 active members participating in the scheme. The contribution rate payable by the institution was 14 % of pensionable salaries.

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 management committee. 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 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective which is to have sufficient and appropriate assets to cover their technical provisions.

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. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3 % from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2 % for CPI which corresponds broadly to 2.75 % for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4 % per annum (which includes an additional assumed investment return over gilts of 2 % per annum), salary increases would be 4.3 % per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3 % per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - No age rating

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. PENSION SCHEMES continued

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 (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103 % 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. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4 % per annum (the expected return on gilts) the funding level was approximately 71 %. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107 % funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79 % 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, using a AA bond discount rate of 6.5 % per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104 %.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7 % per annum (compared to 2 % per annum for the technical provisions) giving a discount rate of 6.1 % per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16 % of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16 % of pensionable salaries from 1 October 2009.

Since March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103 % to 74 %. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. PENSION SCHEMES continued

On the FRS 17 basis, using a AA bond discount rate of 7.1 % per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86 %. An estimate of the funding level measured on a buy-out basis at that date was approximately 46 %.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. 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 £1.5 billion
Rate of salary growth	Increase/decrease by 0.5 %	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 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.

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 the 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.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. 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 2009 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:

Financial Assumptions	31 July 2009	31 July 2008	31 July 2007
Rate of increase in salaries	4.80%	5.30%	4.20%
Rate of increase in pensions and deferred benefits	3.60%	3.80%	3.10%
Discount rate	6.20%	6.50%	5.60%
Inflation assumption	3.60%	3.80%	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	21.9	21.9	21.9
Females	24.8	24.8	24.8

The assets of the scheme were:

	£000's	%	£000's	%	£000's	%
UK equities	1,823	38%	2,294	45%	2,520	44%
Overseas equities	1,248	26%	1,887	37%	2,196	39%
Bonds	1,248	26%	765	15%	849	15%
Property	48	1%	0	0%	0	0%
Other (includes net current assets)	432	9%	153	3%	110	2%
Total assets	4,799	100%	5,099	100%	5,675	100%

The following amounts at 31 July 2009 were measured in accordance with the requirements of FRS 17:

1. Analysis of the amount shown in the balance sheet

	31 July 2009 £000's	31 July 2008 £000's	31 July 2007 £000's
Total market value of scheme assets	4,799	5,099	5,675
Less: Present value of scheme liabilities	(6,032)	(5,715)	(5,463)
(1) Scheme (Deficit) / Surplus:			
Net Pension (Liability) / Asset	(1,233)	(616)	212

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. PENSION SCHEMES - Continued

(b) University of Wales Superannuation Scheme - Continued

	31 July 2009 £000's	31 July 2008 £000's
2. Analysis of the amount charged to staff costs within operating surplus		
Current service cost	159	149
Total operating charge	<u>159</u>	<u>149</u>
3. Analysis of the amount that is credited to other finance income		
Expected return on pension scheme assets	380	421
Interest on pension scheme liabilities	(371)	(310)
Net return	<u>9</u>	<u>111</u>
4. Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(662)	(988)
Changes in assumptions underlying the present value of the scheme liabilities	39	39
Actuarial loss recognised in STRGL	<u>(623)</u>	<u>(949)</u>
5. Movement in the scheme surplus in the year		
(Deficit) / surplus in scheme at the beginning of the year	(616)	212
Movement in the year:		
Current service costs	(159)	(149)
Contributions	156	159
Pension Scheme Operating Charge less Contributions	<u>(3)</u>	<u>10</u>
Net return on assets	9	111
Actuarial loss	(623)	(949)
Deficit at the end of the year	<u>(1,233)</u>	<u>(616)</u>
6. Analysis of the movements in the present value of the scheme liabilities		
At the beginning of the year	5,715	5,463
Current service cost	159	149
Contributions	47	41
Benefits paid	(221)	(209)
Interest costs	371	310
Actuarial gain	(39)	(39)
At the end of the year	<u>6,032</u>	<u>5,715</u>
7. Analysis of the movement in the market value of the scheme assets		
At the beginning of the year	5,099	5,675
Contributions	203	200
Benefits paid	(221)	(209)
Expected return on assets	380	421
Actuarial loss	(662)	(988)
At the end of the year	<u>4,799</u>	<u>5,099</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. PENSION SCHEMES - Continued

(b) University of Wales Superannuation Scheme - Continued

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

	31 July 2009	31 July 2008	31 July 2007	31 July 2006	31 July 2005
Difference between the expected and actual return on scheme assets :					
Amount (£000's)	(662)	(988)	222	237	588
Percentage of scheme assets	(13.8%)	(19.3%)	3.9%	4.7%	13.1%
Experience of gains and (losses) on scheme liabilities:					
Amount (£000's)	39	39	454	(270)	(514)
Percentage of the present value of the scheme liabilities	0.6%	0.7%	8.3%	(4.8%)	(10.0%)
Total amount recognised in STRGL :					
Amount (£000's)	(623)	(949)	676	(33)	74
Percentage of the present value of the scheme liabilities	(10.3%)	(16.6%)	12.4%	(0.6%)	1.4%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £2,378,000 (2008 a loss of £1,755,000).

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 2009-10 is £ 168,000.

The actual loss on scheme assets in the year was £ 300,000 compared with a loss of £576,000 in 2008.

25. TOTAL PENSION COSTS

The total pension cost for the University was:

	2009	2008
	£	£
Contributions to USS	302,934	261,123
Contributions to UWSS	151,266	159,183
FRS 17 Adjustment for UWSS	3,000	(10,000)
Total Pension Cost (Note 5)	<u>457,200</u>	<u>410,306</u>

APPENDIX A

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Summary of Income and Expenditure Accounts for the years to 31 July:	
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PRINCIPAL UNIVERSITY OPERATIONS - SUMMARY INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2009.

	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	51,062	-	-	11,311	814,000	151,081	1,027,454	1,417,378	38,344	15,331	390,102	279,177	2,140,332	(1,112,878)	-	(1,112,878)
Academic Support Fund Account	28,967	51,514	-	-	-	143,355	223,836	-	-	170,200	-	137,355	307,555	(83,719)	-	(83,719)
University Validation Account	13,028	-	-	-	7,038,928	104,652	7,156,608	699,049	-	-	4,134,267	-	4,833,316	2,323,292	-	2,323,292
University Press Account	-	-	130,091	-	436,825	-	566,916	322,922	9,734	425,868	19,323	2,524	780,371	(213,455)	133,355	(80,100)
Global Academy	-	-	-	97,265	-	-	97,265	109,768	-	163,509	-	-	273,277	(176,012)	-	(176,012)
University Centre for Advanced Welsh and Celtic Studies Account	7,767	123,310	451,682	248,161	38,102	14,219	883,241	1,070,934	55,275	127,759	37,361	-	1,291,329	(408,088)	362,904	(45,184)
Gregynog Accounts	6,000	-	-	-	939,270	50,266	995,536	534,411	25,812	-	390,917	32,156	983,296	12,240	28,000	40,240
Guild of Graduates Accounts	4,174	-	-	-	-	5,000	9,174	27	-	-	-	13,257	13,284	(4,110)	-	(4,110)
Miscellaneous Accounts	5,920	-	-	-	19	-	5,939	-	-	-	-	2	2	5,937	-	5,937
Central Services Distribution Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(524,259)	(524,259)
<i>Endowment Funds</i>	-	440,626	-	-	-	-	440,626	-	-	161,780	-	11,655	173,435	267,191	-	267,191
<i>Reserves excluding Pension Scheme Reserve</i>	413,550	-	-	-	-	24,135	437,685	-	-	-	-	623,696	623,696	(186,011)	-	(186,011)
sub-total	530,468	615,450	581,773	356,737	9,267,144	492,708	11,844,280	4,154,489	129,165	1,064,447	4,971,970	1,099,822	11,419,893	424,387	-	424,387
<i>Pension Scheme Reserve</i>	9,000	-	-	-	-	-	9,000	3,000	-	-	-	-	3,000	6,000	-	6,000
TOTALS (note 2)	539,468	615,450	581,773	356,737	9,267,144	492,708	11,853,280	4,157,489	129,165	1,064,447	4,971,970	1,099,822	11,422,893	430,387	-	430,387

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 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>(note 1)</i>															
University Operations																
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)
Endowment Funds	-	489,574	-	-	-	-	489,574	-	-	127,755	-	6,816	134,571	355,003	-	355,003
Reserves excluding Pension Scheme Reserve	444,311	-	-	-	-	8,989	453,300	-	-	-	-	139,815	139,815	313,485	-	313,485
sub-total	596,077	671,222	696,907	83,939	8,084,307	367,353	10,499,805	3,587,597	121,672	1,043,350	3,869,611	614,000	9,236,230	1,263,575	-	1,263,575
Pension Scheme Reserve	111,000	-	-	-	-	-	111,000	(10,000)	-	-	-	-	(10,000)	121,000	-	121,000
TOTALS (note 2)	707,077	671,222	696,907	83,939	8,084,307	367,353	10,610,805	3,577,597	121,672	1,043,350	3,869,611	614,000	9,226,230	1,384,575	-	1,384,575

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.

FIVE YEAR SUMMARY ACCOUNTS - Appendix B

INCOME & EXPENDITURE ACCOUNT

	2008/09 £'000	2007/08 £'000	2006/07 £'000	2005/06 £'000	2004/05 £'000
Funding Council Grants	582	697	1,418	1,204	769
Academic Fees & Support Grants	-	-	-	6	10
Research Grants & Contracts	356	84	28	138	189
Other Operating Income	9,760	8,452	6,759	6,000	6,080
Endowment and Investment Income	1,155	1,378	1,216	1,088	1,014
Total Income	11,853	10,611	9,421	8,436	8,062
Staff Costs	4,158	3,504	3,477	3,388	3,319
Exceptional Restructuring Costs	-	73	201	322	5
Exceptional Impairment of Icelandic Bank Deposits	528	-	-	-	-
Other Operating Expenses	6,608	5,527	4,793	4,229	3,931
Depreciation	129	122	108	106	103
Total Expenditure	11,423	9,226	8,579	8,045	7,358
Surplus after Depreciation of Tangible Fixed Assets at Cost	430	1,385	842	391	704
Profit on Disposal of Fixed Asset	-	-	292	-	-
Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Cost and Disposal of Fixed Asset	430	1,385	1,134	391	704
Surplus for the Year Transferred to Accumulated Income in Endowment Funds	(16)	(78)	(119)	(122)	(99)
Surplus for the Year	414	1,307	1,015	269	605

FIVE YEAR SUMMARY ACCOUNTS - Appendix B continued

BALANCE SHEET

	2008/09	2007/08	2006/07	2005/06	2004/05
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	7,446	7,933	8,622	7,319	6,963
Endowment Assets	14,089	15,069	16,907	15,936	14,645
<i>Current Assets</i>					
Stocks	461	515	354	261	267
Debtors	3,874	2,591	1,919	1,255	1,586
Short Term Deposits	4,834	5,310	5,694	6,209	5,766
Cash at Bank and in Hand	659	749	22	68	89
Total Current Assets	9,828	9,165	7,989	7,793	7,708
less Creditors					
- amounts falling due within 1 year	2,193	1,918	1,929	1,655	1,990
Net Current Assets	7,635	7,247	6,060	6,138	5,718
Total Assets less Current Liabilities	29,170	30,249	31,589	29,393	27,326
less Provisions for Liabilities and Charges	-	43	190	154	-
Total Net Assets Excluding Pension Scheme (Liability) / Asset	29,170	30,206	31,399	29,239	27,326
Net Pension Scheme (Liability) / Asset	(1,233)	(616)	212	(572)	(611)
Total Net Assets Including Pension Scheme (Liability) / Asset	27,937	29,590	31,611	28,667	26,715
Represented by:					
Deferred Capital Grants	631	674	599	630	616
Endowments	14,089	15,069	16,907	15,936	14,645
<i>Reserves</i>					
Income & Expenditure Account	12,248	11,829	10,492	9,866	9,657
Pension Reserve	(1,233)	(616)	212	(572)	(611)
Non-Distributable Capital Reserve	669	680	691	410	421
Revaluation Reserve	1,533	1,954	2,710	2,397	1,987
Total Reserves	13,217	13,847	14,105	12,101	11,454
TOTAL FUNDS	27,937	29,590	31,611	28,667	26,715

FIVE YEAR SUMMARY ACCOUNTS - Appendix B continued

FINANCIAL STATISTICS					
	2008/09	2007/08	2006/07	2005/06	2004/05
	%	%	%	%	%
Sources of Income (% of Income)					
Funding Council Grants	4.9	6.6	15.0	14.3	9.5
Academic Fees & Support Grants	-	-	-	0.1	0.1
Research Grants & Contracts	3.0	0.8	0.3	1.6	2.3
Federal Support Grants					
from Member Institutions	6.9	8.0	9.1	13.1	15.8
Residences, Catering & Conferences	7.9	8.7	9.3	9.4	10.4
Other Services Rendered -					
- Validation Services	59.4	51.3	45.8	41.7	39.0
- Other Services	0.9	0.7	0.1	0.1	0.6
Sales of Publications	3.9	7.7	3.7	3.7	4.4
Other Operating Income	3.3	3.2	3.8	3.1	5.3
Endowment and Investment Income	9.8	13.0	12.9	12.9	12.6
	100.0	100.0	100.0	100.0	100.0
Analysis of Expenditure (% of Expenditure)					
Staff Costs	36.4	38.0	40.5	42.1	45.1
Exceptional Costs	4.6	0.8	2.3	4.0	0.1
Other Services Rendered -					
- Validation Services	36.2	33.6	30.1	27.6	29.1
Other Operating Expenses	21.7	26.3	25.8	25.0	24.3
Depreciation	1.1	1.3	1.3	1.3	1.4
	100.0	100.0	100.0	100.0	100.0
Operating Surplus as a % of Total Income	3.5	12.3	10.8	3.2	7.5
Key Financial Indicators					
Days ratio of available funds * to total expenditure **	941	1,208	1,346	1,339	1,387
<i>The number of days expenditure that could be sustained from available funds</i>					
Indicators of Liquidity and Solvency					
Ratio of Liquid Assets to Current Liabilities	2.50	3.16	2.96	3.79	2.94
<i>Extent to which current liabilities could be met from cash and liquid investments</i>					
Days ratio of liquid assets to total expenditure **	177	242	244	287	297
<i>Days that total expenditure could be met from cash and liquid investments</i>					
Ratio of current assets to current liabilities	4.48	4.78	4.14	4.71	3.87
<i>Extent to which current liabilities could be met from current assets</i>					
Days of total income *** represented by debtors	125	96	88	64	79
<i>Days of total income (excluding Funding Council grants) represented by debtors</i>					
* Excluding FRS17 pension reserve					
** Excluding depreciation and FRS17 expenditure					
*** Excluding FRS17 income					

APPENDIX C

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Principal Governing Body, Committees, Principal Officers & Staff, Advisers etc.	
University of Wales Council	46
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University of Wales Council

I Member Ex Officio

The Vice-Chancellor
Professor Marc Clement

II Appointed Members

Appointed by and from the Vice-Chancellors/Principals of the Accredited Institutions

Dr Medwin Hughes *Trinity College, Carmarthen*
Professor Noel Lloyd *Aberystwyth University (to 25 November 2008)*
Dr Peter Noyes *University of Wales, Newport*

Appointed by and from the Chairs of the Accredited Institutions

Dr R Brinley Jones *University of Wales, Lampeter*
Sir Roger Jones *Swansea University*
Mr John Wyn Owen *University of Wales Institute, Cardiff*

Appointed by and from the Representatives of the Accredited Institutions on the Academic Board

Professor Barry Burnham
Professor Graham Rogers

Appointed by and from the Staff of the University

Mr Andrew Hawke

Appointed by the Students of the Accredited Institutions

Vacancy

Independent Members

Mr D Hugh Thomas (*Chair*)
Mr Alun Thomas (*Vice-Chair*)
Mrs Elsa Davies
Mr Geraint Evans
Mr Gareth Lewis
Councillor Penri Jones
Mr Arwel Ellis Owen
Mr Gareth Pierce
Mr Michael McGrane
Mrs Hilary Neagle
Dr Ann Rhys
Mrs Gwenda Sippings

Co-opted Member

His Honour Judge Eifion Roberts

Secretary

Alwena Morgan

Resources Committee

Members Ex Officio

Chair of Council

Vice-Chair of Council (*Chair*)

The Vice-Chancellor

Appointed by and from the University Council

Mr Gareth Lewis

Mr Michael McGrane

Mrs Hilary Neagle

Dr Peter Noyes

Co-opted Member

Mr Robert V Barnes

Strategy Committee

Members Ex Officio

Chair of Council (*Chair*)

Vice-Chair of Council

The Vice-Chancellor

Appointed by the University Council

Mr John Wyn Owen

Mr Geraint Evans

Audit Committee

Appointed by the University Council

Mrs Elsa Davies (*Chair*)

Mr Geraint Evans

Mr Alun J Walters

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

Mr Gareth Pierce

Nominations and Governance Committee

Members Ex Officio

The Chair of Council (*Chair*)
The Vice-Chancellor

Appointed by the University Council

Dr Medwin Hughes
Mr John Wyn Owen
Mr Gareth Pierce
Mrs Gwenda Sippings

Investment Committee

Members Ex Officio

The Vice-Chancellor
The Vice-Chair of Council

Appointed by the University Council

Mr Huw Wynne Griffith
Dr Brinley Jones
Sir Peter Phillips
His Honour Judge Eifion Roberts (*Chair*)

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 R 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 Dafydd R Johnston BA PhD

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
