



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

200
1822 - 2022

Annual Report and Consolidated Financial Statements

For the year ended **31 July 2022**



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



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University of Wales



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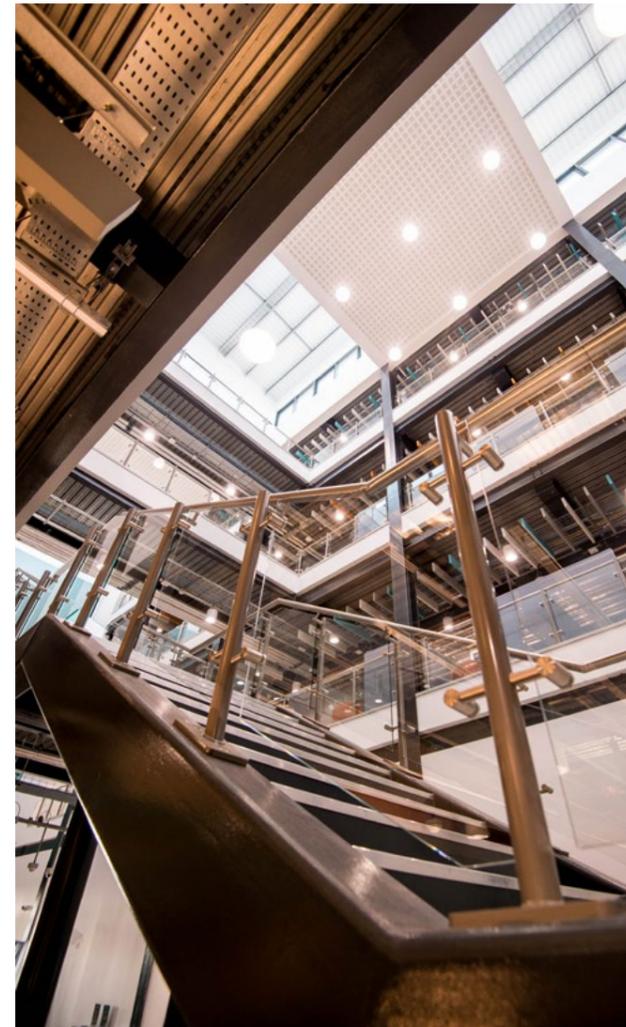
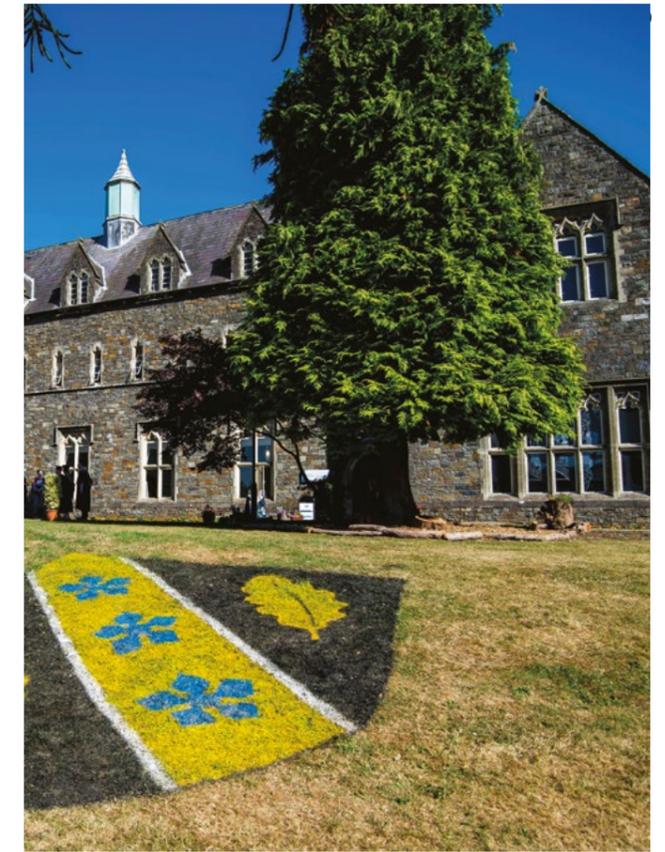


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University of Wales:
Trinity Saint David

Charity number: **1149535**

www.uwtsd.ac.uk



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MEMBERS AND EXTERNAL ADVISORS

Members of the University's governing body, the Council, are the Trustees of the University. Those who served during the year (up to the Council meeting at which the financial statements were signed) are listed below. Attendance (%) at Council meetings in 2021/22 is provided in brackets.

The Council has formally adopted the definition of independence developed by the sector in response to the Review of Governance of the Universities in Wales. Independent members are neither registered students nor staff of the University and their appointment and responsibilities are consistent with the definition. A published Register of Members' Interests is reviewed and updated annually and members are expected to explicitly identify at the start and end of each meeting any matters on which their interests may have a bearing. Further information is available in the Statement of Corporate Governance.

The Venerable Randolph Thomas (Chair) – independent (100%)

Prof Medwin Hughes (Vice-Chancellor) – executive (100%)

Justin Albert – independent (50%)

Tony Ball – independent (Resigned 30.8.2022) (60%)

Pam Berry – independent (Resigned 30.8.2022) (60%)

Andrew Curl – independent (Resigned 30.8.2022) (60%)

Siwan Davies – independent (50%)

Tania Davies – staff (Resigned 31.7.2022) (80%)

Margaret Evans – independent (Resigned 30.8.2022) (60%)

Taya Gibbons – student (Appointed 1.7.2022)

Eifion Griffiths – independent (Resigned 30.8.2022) (100%)

Uzo Iwobi – independent (50%)

Rowland Jones – independent (80%)

Vanessa Liverpool – student (60%)

Dr Conny Matera-Rogers – staff (80%)

Arwel Ellis Owen – independent (80%)

Matthew Peake – staff (40%)

Liam Powell – student (Resigned 25.03.2022) (66%)

Victoria Provis – independent (60%)

Geraint Roberts – independent (80%)

Emlyn Schiavone – independent (75%)

Dr Liz Siberry – independent (80%)

Dr Peter Spring – staff (Appointed 1.8.2022)

Maria Stedman – independent (80%)

Dr Kerry Tudor – staff (80%)

MEMBERS AND EXTERNAL ADVISORS**Administrative Details**

Charity Number	1149535
Company Number	RC000537
Principal Office	Carmarthen Campus, College Road, Carmarthen, SA31 3EP

Professional Advisors

External Auditor	KPMG LLP	3 Assembly Square, Britannia Quay, Cardiff, CF10 4AX
Internal Auditor	Mazars LLP	90 Victoria Square, Bristol, BS1 6DP
Bankers	Barclays Bank Plc HSBC Plc Natwest Bank Plc	

Scope of the Financial Statements

The consolidated financial statements of University of Wales: Trinity Saint David consolidate the following entities:

University of Wales: Trinity Saint David

Trinity University College Limited

Trinity College

Eclectica Drindod Limited

UWTSD Learning Centres Limited (Company dissolved 12th October 2021)

UWTSD Investments Limited

Y Ganolfan Dysgu Cymraeg Genedlaethol

Coleg Sir Gar

Coleg Ceredigion

Mentrau Creadigol Cymru

UW Centre for Advance Batch Manufacture Limited

OSTC Trinity St David LLP (Joint Venture)

UWTSD Innovation Centres Limited

Swansea Business School Limited

MEMBERS AND EXTERNAL ADVISORS**Legal Status**

University of Wales: Trinity Saint David (UWTSD) is incorporated by Royal Charter. The most recent version of its constitution is the Supplemental Charter which was sealed by the Privy Council on 28 September 2012, following the constitutional merger with Swansea Metropolitan University.

Trinity University College Limited (TUC) is deemed to be controlled by UWTSD, as UWTSD is its sole member.

Trinity College incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity. There is no direct ownership link between UWTSD and Trinity College. However, it is deemed to be controlled by UWTSD by virtue of the fact that TUC is the sole trustee.

Eclectica Drindod is a private company limited by guarantee with no share capital, established to undertake a role that more effectively delivers Third Mission activity for UWTSD. Eclectica Drindod is deemed to be controlled by UWTSD as TUC (whose sole member is UWTSD) is its sole member and has the power to appoint directors.

UWTSD Learning Centres Limited is a wholly owned subsidiary of UWTSD.

UWTSD Investments Limited is a wholly owned subsidiary of UWTSD.

Y Ganolfan Dysgu Cymraeg Genedlaethol is a private company limited by guarantee with no share capital. It undertakes the setting of the national strategic direction for the Welsh for Adults sector, providing leadership to Welsh for Adults providers. UWTSD is the sole member of the company.

Coleg Sir Gar is a private company limited by guarantee with no share capital, which undertakes the provision of further education and higher education. UWTSD is the sole member of the company.

Coleg Ceredigion is a private company limited by guarantee with no share capital, which undertakes the provision of further education. Coleg Sir Gar is the sole member of the company and it is deemed to be controlled by UWTSD as the sole member of Coleg Sir Gar.

Mentrau Creadigol Cymru Limited is a wholly owned subsidiary of UWTSD. It was established to operate a digital media centre at Canolfan S4C Yr Egin, adjacent to the University's campus in Carmarthen. Construction of the centre was completed during the year to 31st July 2019.

UW Centre for Advanced Batch Manufacture Limited, is a private company, the University has a 51% controlling interest in the company with University of Wales holding the remaining 49%.

OSTC Trinity St David LLP, is a limited liability partnership, the University has a 50% stake in the entity with the other 50% owned by OSTC limited.

UWTSD Innovation Centres Limited is a wholly owned subsidiary of UWTSD and did not trade during the year.

Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2021 have been prepared in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2019, the Accounts Direction for 2020/21 issued by the Higher Education Funding Council for Wales, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The consolidated financial statements for the year to 31 July 2021 have been prepared on a going concern basis as detailed on page 39.

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Where Higher Education Began in Wales



Ned Thomas, Emma Jane Bolam, Prof Medwin Hughes, Lord Griffiths of Burry Port and Patrick Holden, CBE.



CLr Selwyn Walters, HM Lord Lieutenant Ms Sara Edwards, Prof Medwin Hughes and the Venerable Randolph Thomas.



Professor Medwin Hughes
Vice-Chancellor



The Venerable Randolph Thomas
Chair of Council



Prof Elin Haf Gruffudd Jones, Natalie Williams, Prof Medwin Hughes, Dr Martin Crampin.

INTRODUCTION BY THE VICE-CHANCELLOR AND THE CHAIR OF COUNCIL

We are pleased to introduce the Annual Report and Financial Operating Statement for the year 2021-22 and to provide an overview of the University's achievements during a year in which we marked our Bicentenary.

The Bicentenary commemorates the laying of the foundation stone for St David's College Lampeter on the 12 August 1822. In marking this milestone in our history, we are celebrating the foundation of higher education in Wales and the role of the original Saint David's College Lampeter in that story. However, the bicentenary celebrations have provided an opportunity to celebrate the successes and achievements of the transformed University. It has offered a strategic opportunity to reaffirm the University's brand and its continued role in the wellbeing and prosperity of Wales within the wider UK context, particularly in relation to the development of the London and Birmingham campuses.

During the year, we welcomed the University's stakeholders to the range of events to celebrate the Bicentenary including a service in St David's Cathedral, in partnership with the Lampeter Society, as well as services and processions in Carmarthen, Swansea and Lampeter.

We were delighted to welcome His Majesty King Charles to confer honorary doctorates on four individuals for their outstanding achievements as part of our celebrations. Emma Jane Bolam was recognised for her significant contribution to medical innovation and the production of the AstraZeneca vaccine, Lord Griffiths of Burry Port was recognised for his lifetime achievement of public service and of being an advocate for social inclusion and reform; Ned Thomas was recognised for his outstanding service to the promotion of the Welsh language and culture and enhancing the status and development of minority languages in Europe; and Patrick Holden, CBE, was recognised for his pioneering leadership in sustainable food production and organic farming.

During the year, we also have held conferences, lectures and exhibitions highlighting the special collections held within our Library and Archives, as well as professorial inaugural lectures for our newly appointed professors.

The 200 trees for 200 years project saw the planting of native trees on the Lampeter campus which coincided with the Queen's Platinum Jubilee Green Canopy initiative. The aim is to enhance biodiversity and strengthen the connection with nature whilst celebrating the special campus environment. We also launched Treasures; The Special Collections of the University of Wales Trinity Saint David, edited by Professor John Morgan Guy, designed by Dr Martin Crampin of the Centre for Advanced Welsh and Celtic Studies, and printed by the University of Wales Press as part of our celebrations. A second volume, An Unfolding Vision: The University of Wales Trinity Saint David 1822-2022, later in the year.

The Bicentenary was a major theme for the year of course, but the normal rhythm of university life resumed following the pandemic as we continued to deliver our mission of transforming education and transforming the lives of those we serve. Although COVID-19 continued to cast its shadow, we ensured that the health and safety of our community was always the priority as we returned to campus and reconnected in person with our students and colleagues.

We are grateful to the staff, students and members of the University council for their continued and valued support.

Professor Medwin Hughes
Vice-Chancellor

The Venerable Randolph Thomas
Chair of Council

OPERATING AND FINANCIAL REVIEW

Public benefit statement

The University is a registered charity and its charity number is 1149535.

In setting and reviewing the University's objectives and activities, University Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public \ benefit guidance on the advancement of education.

The objects of the University are set out in its Charter:

'to advance education and disseminate knowledge by teaching, scholarship and research for the public benefit, which includes but is not limited to: (a) The power to award and revoke degrees of any rank of the University and other distinctions... in its own name and/or dually or jointly with other education institutions; and (b) The provision and maintenance of a significant physical University presence in Swansea, Carmarthen, and Lampeter (or such other places as may be determined), which facilitates the objects of the University; and (c) The objects of the University shall have regard to the vocational, bilingual, and Anglican heritages of historical entities.'

Through our activities we promote:

Excellent teaching informed by scholarship and professional practice, and applied research that influences knowledge and policy in Wales and beyond.

Inclusivity, by removing barriers to participation and supporting people from all backgrounds and circumstances to fulfil their potential.

Employability and creativity, by offering educational programmes that develop entrepreneurial and creative skills, enabling learners to have the best opportunities to gain employment and to contribute to the prosperity of their communities.

Collaboration through strategic relationships, working with others to provide educational and commercial opportunities and to ensure that Wales is connected to the wider world.

Sustainable development, by behaving in a way which ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs, and by systematically embedding this principle in our approach to teaching and learning.

The concept of global citizenship, through the development of multi-national activities and opportunities for our learners, staff and partners.

Wales and its distinctiveness, through embedding the goals of the Well-Being of Future Generations (Wales) Act in all of our activities, and by celebrating the vibrant culture, heritage and language of Wales. At the heart of the University's Strategic Plan is a commitment to all of its learners and specifically to Wales – to its culture, its heritage and its language, and to the prosperity and long-term health of its citizens. It recognises its local, national, international and civic role as a provider of higher education, and the responsibilities that it bears. As a reflection of this commitment, the seven goals and the five ways of working of the Well-Being of Future Generations (Wales) Act 2015 have been placed at the core of planning, and its aspirations are closely aligned with those expressed by the Welsh Government in Taking Wales Forward 2016-21.

Key to the University's values are promoting social inclusion, increasing participation and making a positive impact on the economy, society and culture of Wales and beyond. The University's teaching and learning strategy and development of new learning centres demonstrates its approach to supporting learners to fulfil their potential, and contributing to social and economic requirements and the wider skills agenda. It addresses the Welsh Government's agenda outlined in For our Future and the priorities of the Higher Education Funding Council for Wales. The University has developed strong links with local communities to assist with the development of new learning centres.

OPERATING AND FINANCIAL REVIEW

Objectives and Activities

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

Mission

Transforming Education; Transforming Lives.

Vision

Our vision is to be a University for Wales, with a commitment to the well-being and heritage of the nation at the heart of all that we do. Central to our vision is the promotion and embedding of a dual-sector educational system which educates learners of all ages and backgrounds, and stimulates economic development in our region, across Wales and beyond.

Key Deliverables

In September 2017 the University launched a Strategic Plan for period 2017 to 2022.

Subsequently, in July 2022, the Council approved an extension to the Plan to cover the period 2017-2024.

There are four strategic priorities for the planning period:

1. Putting learners first;
2. Maintaining excellence in teaching, scholarship and applied research;
3. Creation of opportunities through partnerships; and
4. Maintaining a University for Wales;

In addition, the Strategic Plan identifies seven key enablers to be achieved to support delivery of the strategic priorities. These are:

1. Maintaining financial security;
2. Supporting, encouraging and developing our people;
3. Improving our estates and infrastructure;
4. Maintaining good governance;
5. Providing effective leadership and management;
6. Promoting equality; and
7. Seeking continuous improvement.

Each of the strategic priorities and enablers has specific plans, measures of success and key performance indicators attached to it.

Institutional performance is systematically monitored against the 'measures of success' for the four strategic priorities set out in the University's Strategic Plan. Council's Resources and Performance Committee and Council itself receives an annual report on performance. Within the annual report each measure of success is split to show the target and 'actual' levels of performance, colour-coded to indicate whether they have been achieved or otherwise. Narrative information provides context and explanations where targets have not been achieved. The report for 2020/21, presented in 2021/22, showed good performance in the majority of areas.

On behalf of the Council, the Resources and Performance Committee also maintains oversight of performance against ten Key Performance Indicators (KPIs). Monitoring reports are provided at each meeting, with an annual assessment and narrative presented at the final meeting of each year. The 2021/22 assessment showed good or satisfactory performance in nine KPIs, with a weaker performance in one area.

Wherever possible performance is measured quantitatively using HESA or other externally-benchmarked and verified data.

OPERATING AND FINANCIAL REVIEW

Ethical investment and banking policies

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

Equal opportunities

The University's commitment to equality and diversity is set out in its *Strategic Equality Plan 2016-20* and is consistent with its mission to Transform Education and Transform Lives. Inclusivity is one of its key planning themes; it is embedded within the curriculum and is aligned to the Welsh Government's Wellbeing of Future Generations Goal of a more equal Wales. The University aims to create a culture of openness and respect in which barriers for those with protected characteristics are identified and removed. It wants its people to feel safe and valued, and to achieve their full potential for the benefit of the individual, the organisation and wider communities. It wishes to promote equality of opportunity, fair working practices, and good interpersonal relations throughout its staff and student bodies.

Environmental sustainability policy

Sustainability is at the heart of how the University does business. The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. It has a duty to satisfy itself that all of its operations and activities are conducted with proper regard to the environment. INSPIRE (Institute for Sustainable Practice, Innovation and Resource Efficiency) has continued to support the embedding of sustainability within the University's curriculum at all levels as well as engaging with the widest number of organisations to develop sustainable practice across all sectors in Wales and further afield.

Tuition fees

In August 2022 the University published its Fee and Access Plan for 2023 - 2025 with a full-time undergraduate tuition fee of £9,000. This level is consistent with the fees charged in previous years within Welsh Government parameters.

Annual pay policy

The University publishes its annual pay policy on its website and can be viewed at the following link: [uwtsd-annual-pay-policy-statement-july-2022.pdf](https://www.uwtsd.ac.uk/annual-pay-policy-statement-july-2022.pdf)

OPERATING AND FINANCIAL REVIEW

Overview of the Year 2021-2022

I am pleased to provide an overview of the University's key achievements in 2021-2022. The celebration of the Bicentenary was a major theme as we continued to make significant progress in delivering the strategic plan. The University's Strategic Plan has four priorities: Putting Learners First, Excellence in Teaching, Scholarship and Applied Research, Creation of Opportunities through Partnership, and A University for Wales. Transformation is at the heart of that plan, building on the core values of our historic institutions and redefining those to reflect Wales's current and future needs.

A major achievement during the year was the result of the Quality Assurance Agency's (QAA) institutional review in June. The review noted that the University has 'robust arrangements in place for securing academic standards, managing academic quality, and for enhancing the student experience'. It also commended the University's achievements in several areas such as data-informed decision making and teaching and learning enhancement.

The University's results in the recent Research Excellence Framework (REF2021) were extremely encouraging as UWTSd was recognised for producing world-leading and internationally excellent research. Of note was that the University was rated 4th in Wales for impact, with 74% of the University's research judged as delivering outstanding and very considerable impacts for society, culture, and industry. 49% of research was graded 4* (world-leading) or 3* (internationally excellent), from the areas of Theology and Religious Studies, Art and Design, Education, Celtic Languages and Literature, and Psychology. 100% of research submitted for Celtic Languages and Literature was graded 4* (outstanding) or 3* (very considerable) for its impact.

The University's longstanding reputation for Initial Teacher Education and Training provides many opportunities to lead transformational change and support the Welsh Government's policies relating to teacher education, curriculum reform and school improvement. In June, the Welsh Government launched a new 3-year project with the University and the University of Glasgow aimed at supporting schools through the process of curriculum transformation, focusing on progression and assessment. Camau i'r Dyfodol/Steps to the Future is designed to help develop new knowledge and support the realisation of Curriculum for Wales by bringing together teachers, educational partners, and researchers to co-develop

new capacity, ways of thinking and resources to build upon existing practice. Central to this process will be the integration of learning progression, curriculum, assessment, and pedagogy.



Prof Medwin Hughes, Jeremy Miles, MS, Prof Dylan Jones

The wellbeing of students and staff continued to be a central theme in our planning throughout the year and we were pleased to launch a Student Wellbeing Unit as part of our Student Health and Wellbeing Strategy. The Unit provides mental health and wellbeing support for students following an approach adopted by NHS and endorsed by the Stepchange Framework produced by Universities UK and Student Minds. The framework encourages students to be active participants in their support journey and mirrors best practice across NHS, and the HE sector. The model adopted ensures that we have a range of services available to students according to need, including Counselling, Wellbeing Advice, Preventative, Supported Self-help and Open Access Services. Significant investment has been made into developing resource and capacity within our Student Services Unit to enable a whole University approach to wellbeing and safeguarding. A new evidence-informed approach to the Safeguarding Forum has also been taken with a network of safeguarding officers established.



Gwilym Dyfri Jones, Prof Medwin Hughes, the Venerable Randolph Thomas, James Barrow with students of St Vincent and the Grenadines.

OPERATING AND FINANCIAL REVIEW

In September, the University welcomed students from St Vincent and the Grenadines (SVG) to study a range of pro-programmes identified by their government as being beneficial to the future development of their country. The pro-programmes include History, International Development and Global Politics as well as Early Childhood Education, Quantitative Surveying and Civil Engineering. We were delighted to develop a scholarship scheme with Dr Ralph Gonsalves, Prime Minister of SVG following discussions with His Majesty, King Charles as HRH The Prince of Wales in the aftermath of the Volcano eruption on St Vincent in April 2021. The students, who are based at the Lampeter campus, also featured as part in a special edition of the BBC's Songs of Praise broadcast on in February to celebrate the bicentenary. In addition, the University has developed research links with Dr Adrian Fraser, an eminent historian in SVG into Thomas Phillips, one of the benefactors of St David's College, who owned the Camden Park plantation on the islands. Dr Fraser's research is examining modern-day legacies of the plantation, using local records, as part of his own research into slavery. The work is being produced as a film by Vincentian film-maker, Akley Olton.

We were also pleased to announce postgraduate scholarships to enable students from Ukraine who have been displaced by the war in their country to continue their studies at the University's Lampeter campus. As an international academic community, the University welcomes students and staff from all over the world and has active links with countries across the globe, including our collaborative partnership with Alfred Nobel University in Dnipro, Ukraine, whose students and staff remain at the forefront of our thoughts and prayers

The University made progress on many initiatives which reinforced its reputation for its vocationally relevant and employment-focused offer. We aim to enhance graduate employability and the number of graduate start-ups by creating more opportunities for students to work with academics and businesses to explore ideas and create new sustainable businesses, products, and services. I am delighted that the University was named the European Entrepreneurial University of the Year at the 2022 European Triple E Awards Ceremony in Florence, Italy and that Professor David Kirby also received a Lifetime Achievement award in recognition of his leadership in the field and his on-going work to support students at the University.

During the year, the University reputation for engagement with employers was further enhanced

through such initiatives as the Construction Wales Innovation Centre, the Advanced Manufacturing Skills Academy and the EU funded Manufacture Advanced Design Engineering (MADE) programme. These programmes are leading the way in addressing skills deficits and training needs by bringing companies into the university to capitalise on the expertise of our staff and our state-of-the-art facilities. In addition, such programmes as degree apprenticeships are key in promoting industry-academic interaction. The University has seen a significant increase in the number of students engaged in degree apprenticeships through innovative programmes as the digital degree apprenticeships which aim address digital skills shortage within the workforce. Such schemes, which also include innovative collaborative programmes with the police forces in Wales, provide skills and training linked to real career opportunities.



Prof David Kirby, Associate Prof Kath Penaluna, Nicola Powell and Dr Shehla Kahn.

During the year, Institute for Sustainable Practice, Innovation Research and Enterprise (INSPIRE) was relaunched to provide a focus for business engagement within the University. The aim is to connect the University's staff, students and specialist centres with business and communities to create impact. INSPIRE's remit includes business engagement, research development, enterprise, and civic engagement.

The University has developed a portfolio of health and wellbeing programmes and services across our disciplines in liaison with key partners. In September, a memorandum of understanding was signed with Hywel Dda University Health Board to provide research and innovation opportunities for mid and west Wales. The University is continuing to engage with partners including Carmarthenshire County Council, Hywel Dda

OPERATING AND FINANCIAL REVIEW



Steve Moore and Prof Medwin Hughes with the University and Hywel Dda UHB colleagues.

University Health Board on the Pentre Awel initiative. The development, which is part of the Swansea Bay City Deal, will provide public, academic, business and health facilities on one site in Llanelli to boost employment, education, leisure provision, health research and delivery, and skills and training. It will include a skills centre focusing on health and care training, as well as research facilities and a clinical delivery centre to deliver multi-disciplinary care.

The University was pleased to be part of an initiative which received funding via the UK Government's Levelling Up Fund. The Carmarthen Hwb aims to bring health, wellbeing, learning and cultural services under one roof. Carmarthenshire County Council, working with the University, Pembrokeshire County Council, Hywel Dda University Health Board and other service providers, secured £19.9million to create town centre hubs to benefit local people and businesses, and to create a more diverse and sustainable mix of uses for town centres. Still in the early stages of development, it is anticipated that the exciting venture will feature state of the art leisure, culture and exhibition space alongside health and tourist information, customer services as well as access to further and higher education delivered by the UWTSD Group, which includes Coleg Sir Gâr as a constituent college.

The location of our campuses enables the University to play a significant role in the life of the region. Our campuses act as strategic economic, cultural, and social anchors, reinforcing a sense of place and creating the conditions where people and communities can thrive. During the year, the provosts and colleagues continued to work with a range of internal and external stakeholders to define each campus' offer to promote their unique character and distinctiveness as well as to ensure that the University's provision addresses skills needs within their immediate environs.



The launch of Canolfan Tir Glas.

During the year we launched Canolfan Tir Glas, an initiative aimed at providing an exciting new vision for the future of the Lampeter campus which builds on its world-renowned reputation as a centre for the study of the Humanities and multi-cultural and interfaith dialogue. We were pleased to receive support from Ceredigion County Council and the European Union's Rural Development Programme for the initiative. The University and partners will develop centres of excellence to deliver a range of programmes linked to rural skills, sustainability, and resilience including rural enterprise and community food hubs, the Wales Centre for Resilience and Harmony in partnership with the Lampeter Resilience Hub, as well as the Welsh timber centre in partnership with Wood Knowledge Wales to promote modern and sustainable methods of construction with the aim of decarbonising the construction industry in Wales.

In November 2021 we were pleased to launch the Global Humanity for Peace Institute in partnership with the Guerrand-Hermès Foundation for Peace (GHFP) under the Directorship of Professor Scherto Gill, who was recently awarded the Schengen Peace Foundation and Luxembourg Peace Prize.

I was deeply saddened to hear of the death of the Venerable Master Chin Kung, the founder of the Chin Kung Multi-cultural Educational Foundation. The University's partnership with the Foundation has led to the development of the Academy of Sinology and many international initiatives related to harmony and interfaith dialogue, investment into the Lampeter campus infrastructure, as well as partnerships with such organisations as UNESCO.

The Carmarthen campus' distinctive offer centres around the themes of education, children and young people, health, care and wellbeing, creativity, and rurality. Developing our students' entrepreneurial and

OPERATING AND FINANCIAL REVIEW



Dr Jeremy Smith, Prof Medwin Hughes, The Venerable Randolph Thomas, Mr Sharif Horthy Prof Scherto Gill.

enterprise skills and engagement with business and industry is key to that offer through such initiatives as Canolfan S4C yr Egin. Yr Egin, which is home to S4C as well as a range of companies within the creative and digital industries, has already established itself in the life of the region. The University worked closely with a range of companies within Yr Egin to develop our provision and to embrace the challenges of the fourth industrial revolution with its high dependency on collaboration and rapid advancements in technology.

During the year, we were pleased to launch the Academy of Sport a joint initiative between the University and the Students' Union to support students involved in high performance sport to maintain and develop their performance. The Academy will enable students from across UWTSO's campuses and programmes to access the University's specialist facilities and to compete in the British Universities and Colleges Sports (BUCS) leagues.

The University's Swansea Campus has a reputation for innovation and enterprise. In particular, the portfolio enables the University to offer a diverse range of services - from translational research and innovation, to applied technical skills and enterprise supporting employers, facilitating job creation, and attracting investment into the region.

A key development for Swansea is the Innovation Matrix, the next phase in the University's Innovation Quarter. The aim is to create a vibrant neighbourhood where the University can collocate and collaborate with innovative businesses and research centres. The development is central to the University's ambition and will provide a new platform for research and knowledge exchange to connect with, and support, cross-sector MNEs, SMEs, micro-enterprises, entrepreneurs, and investors to stimulate commercial growth for



Olympian, rugby international and alumna Jaz Joyce, launches the Academy of Sport.

Wales's expanding digitally empowered economy. Funded through a strategic partnership between the University and the Swansea Bay City Deal, the Innovation Matrix will encourage and support the development of a sustainable, innovation led, economy which will significantly increase Wales's capacity to meet the Welsh Government's objective of building an economy based upon knowledge, innovation, and entrepreneurship. I was pleased that the University continued to provide practical support to employers, despite the challenges of the pandemic. In July, MADE Cymru organised an Industry Summit, to explore how Welsh manufacturing businesses can turn post Covid challenges into opportunities through collaboration with academia. The Summit was opened by Julie James, MS, Minister for Climate Change, who delivered the keynote speech entitled, 'What is the role of Welsh industry in tackling climate change? And how can being sustainable be good for business?'

The Wales Institute of Science and Art continued to produce award-winning work. I'm delighted that the team who developed a 3D-printed jet respiratory support system to help the NHS in the fight against Covid 19 received the 2022 Innovation, Science and Technology Award at the prestigious St Davids Awards in Cardiff. The University's campuses in London and Birmingham continued to thrive by supporting a wide range of people to access higher education in their communities. During the year, the University opened a second campus in Birmingham.

This year's graduations ceremonies celebrated the success of our students of 2020, 2021 and 2022. These were very special occasions and were true celebration of our students' determination to achieve their awards in the challenging circumstances caused by the pandemic. After an absence of two years, I was delighted to be able to confer awards on the thousands

OPERATING AND FINANCIAL REVIEW



The winning UWTSO team with Mark Drakeford, MS, First Minister.

of students who have graduated from this institution over the three years. It was also very pleasing to be able to organise graduation ceremonies in London and Birmingham for the first time which enabled more of our students' families and friends to join the celebrations at these locations.

It was with great pleasure that I had the opportunity to also award the Connop Thirlwall Fellowship upon Professor Catrin Thomas for her outstanding and distinguished leadership of the University. Professor Thomas was the Deputy Vice-Chancellor who retired at the end of the academic year having served the University and its predecessor institution, Trinity College Carmarthen, for over 30 years.

This overview provides a snapshot of the achievements of staff and students during the year. I am grateful to them, and the University's Governing Body, for their continued and valued support and, as we now move forward to the next phase in our journey, we look confidently to the future and to the success of our students, staff and alumni.

Professor Medwin Hughes, DL
Vice-Chancellor



Prof Catrin Thomas receives the Connop Thirlwall Fellowship.

OPERATING AND FINANCIAL REVIEW

Principal risks and uncertainties

The underlying principal risks and uncertainties faced by the University which remain consistent with previous years are as follows:

- Managing in year cash-flows, particularly in light of the impact of the timing of tuition fee payments upon cash balances held within the Group at any one point in time, notwithstanding that cash balances remain substantial at the year-end (£26.1million);
- In line with the above managing the cash-flows and net asset balance to meet the banking covenants set as part of the secured borrowing with HSBC bank;
- Home/EU student recruitment and retention given uncertain political and economic environments and demographic trends;
- Managing performance across all of the Group's complex and diverse entities and locations and harmonising activity where appropriate to deliver strategic gains; and
- Development of the Group Estates Strategy to support on-going integration and future development of the University.

2021/2022 saw the University move into a post Covid-19 environment where there was a relaxation and then removal of restrictions that had been put in place by both the UK and Welsh Governments during 2020 and 2021. The results of 2021/2022 reflect this changing environment and a move back to on campus and hybrid teaching delivery models.

Whilst the primary risks of Covid-19 are no longer a principle risk to the University management recognise that this situation could change and retain mitigation plans should they be needed.

The longer term impacts of Covid-19 and the war in Ukraine continue to provide risks to the operating model of all Higher Education providers with significant inflationary pressures on utilities, staff costs and general operating expenditure impacting budgets for 2022/2023 and forecasts for 2023/2024 and beyond.

The University purchases its energy through the purchasing consortium TEC and have secured fixed price contracts through 2022/2023, providing a degree of certainty to the budget for the year and providing a risk for future years as these contracts lapse. The University considers that its investment in energy efficiency and changes to working practices to reduce usage will help to mitigate part of this risk.

For other costs the University maintains a policy of prudent budget setting and close cost management process to ensure that University funds are spent in the right manner and in a way that supports both the current service delivery and future needs of the University.

As the University enters the new academic and financial year the 3 primary financial risks are considered to be:

- Student recruitment and retention;
- Ensuring that the University Campus facilities are maintained in a Covid-19 safe state as on campus activity increases
- Ensuring that inflationary pressures are managed in the correct manner

Recruitment in term one of 2022/2023 has been in line with budget however the University acknowledges the risk of retention both for students joining in the current year and also for those who have completed years 1 and 2 by July 2022. The University is proactively working with its student population and employees to provide a fulfilling and meaningful learning experience. Student pulse surveys are being utilised to gauge the effectiveness of the University's model.

OPERATING AND FINANCIAL REVIEW

The immediate outlook for international student recruitment is less certain and ongoing restrictions provide a barrier for students to enter the UK. The University's income from international students is relatively low but is still an important income stream and one that will drive future growth for the University. The University believes that the demand for education in the UK remains strong and any shortfalls in income in 2020/2021 and 2021/2022 will be a temporary event. Mitigating actions have been made through the introduction of new courses and entrance to new International market to counter the forecast fall in the University's traditional international income.

In managing the University campus facilities, the estates team continue to prioritise efforts in ensuring that the various sites meet the required Covid safe levels and are adapted to make full benefit of a hybrid delivery model with increased use of technology.

All departments within the University are working towards managing the risks posed by Covid-19 and the post Covid-19 environment to ensure that the teaching, operations and support of the University continue and allow it to deliver on the immediate future as well as its longer term strategic developments.

Future prospects

The current environment within the sector is challenging but the University has invested significantly in its estate and improving the quality of its student experience, as reflected in its performance in the National Student Survey. In addition it is developing new provision and delivery modes, aimed at the development of new learning centres, and these are achieving growth to compensate for some of the reduction experienced in other fee income. This is transforming the University portfolio and will, in the medium to long term, ensure its sustainability and success. In the short term generation of cash surpluses is a key objective and the University has taken focused action to reduce costs to ensure they are in line with income levels to achieve this.

Declaration of information to auditor

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

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

OPERATING AND FINANCIAL REVIEW**Financial Review**

The Director of Financial Services and the Chair of the Resources and Planning Committee present a review of the financial performance of the group for the year to July 2022.

A summary of the financial performance is shown in the table below

Statement of Comprehensive Income summary

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000	Movement £'000
Income	180,870	173,871	6,998
Expenditure	(197,185)	(165,667)	(31,518)
Profit on Sale of Assets	232	36	197
Decrease in fair value of investment properties	(27)	(1,872)	1,845
Loss on investments	(254)	811	(1,066)
Share of operating loss in associate	-	-	-
Taxation	(9)	(46)	37
Surplus for the year	(16,373)	7,134	(23,507)
Actuarial gain/(loss) in respect of pension schemes	53,538	20,880	32,658
Gain on revaluation of heritage assets	-	-	-
Total comprehensive income/(loss) for the year	37,165	28,014	9,151

From the total comprehensive income £10.4 million is attributed to the results of the University, £27.2 million is attributed to the FE colleges and (£0.5 million) is attributed to the other subsidiaries in the group.

The consolidated results recorded a deficit for the year of £16.4 million (2021: surplus £7.1 million), and a total comprehensive income of £37.2 million (2021: £28.0 million). This result encompasses all activities, other than the Students' Union which is an independent body.

As noted under the pensions section of the financial review the recorded deficit is after recognising an increase in the USS pension provision of £23.9m (2021 £2.6m) and the total comprehensive gain is after recognising an actuarial gain on the LGPS and inhouse pension liabilities of £53.5m (2021: £20.1m).

The University operates in a complex environment and as such there are a number of non-core activities and non-cash items that influence the surplus recorded in the statement of comprehensive income. As is presented in the table below the nature of these items are consistent with the prior year, however the value of the items fluctuate across the years.

OPERATING AND FINANCIAL REVIEW

The university considers the underlying operating position to be an appropriate measurement of its performance and the impact of these is summarised in the table below:

Adjusted Underlying Performance

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Total Comprehensive Income for the year	37,165	28,014
Add back actuarial movement on pension schemes	(53,538)	(20,880)
<u>Deduct non-core income</u>		
Capital grants received	(1,050)	(5,165)
Gain on disposal of fixed assets	(232)	(36)
<u>Add back non-core expenditure</u>		
Net non-cash pension costs & adjustments	26,875	4,980
Revaluation of derivative liability	(1,564)	(855)
Restructuring costs	246	155
Property impairment charges	-	3,206
Decrease in fair value of investment properties	27	1,872
loss on investments	254	(811)
Underlying (deficit)/surplus	8,633	10,480

The University set a budget and operating plan for the year that reflected the return to more on campus service delivery and true hybrid model of operation as the UK moved into a post Covid-19 environment. The budget for the year reflected the need to establish an appropriate cost base to support this hybrid operations model and to ensure that the income growth for the University in recent years is sustainable and underpinned with investment in both staff costs and operational expenditure.

The University has prioritised expenditure in academic delivery and maintaining its estate (including ensuring Covid-19 safety was maintained as on campus activity increases).

The budget also reflected the changing nature of funding body support and an anticipated reduction in funding received in the year, along with a change in nature of the funding away from direct support and into areas such as net zero progression and environmental sustainability.

The budget set delivered a surplus of £5m along with cash generation of £5m in the year.

The University is pleased with the financial performance measured against the budget, and whilst some planned capital disposals have been delayed into 2022/2023 the underlying surplus reflects the budget performance, and the cash position is in line with expectations.

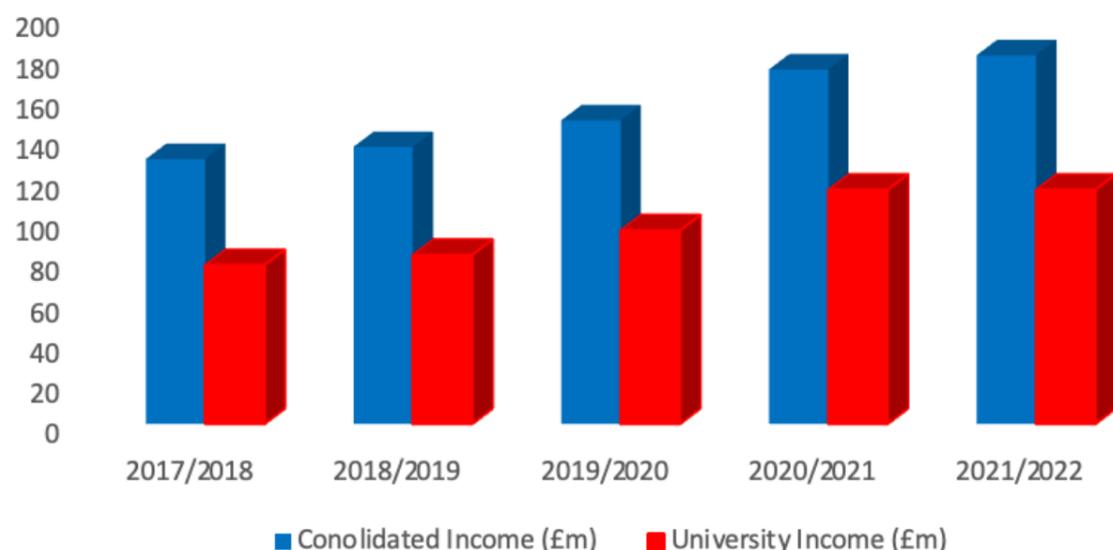
Tuition fee income for the university continues to be the driver to its growth, particularly in the CERTHE courses that are offered. The delivery of these courses does not follow the traditional academic year profile, with multiple intakes throughout the year. As a result a portion of the income from the in year intakes is deferred at 31 July and recognised in the following year. As the number of students on these courses grow the deferred income also grows. At 31 July 2022 the deferred student income was £19.9 million (2021: £16.2 million).

OPERATING AND FINANCIAL REVIEW

Income

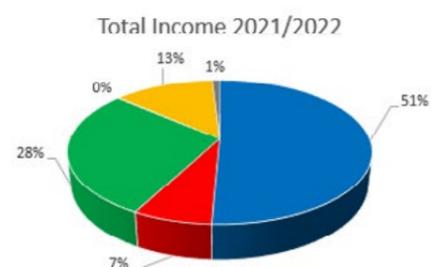
The consolidated total income for the year amounted to £180.9 million (2021: 173.9 million). The growth in income continues a trend over the past 5 years where income has grown by 39% from an income of £130 million in 2017/2018. The University income in the same period has increased by 47% from £78 million to £115 million in the current year.

5 Year Income Growth



The make-up of the income has remained broadly consistent year on year and is summarised below;

	Year ended 31 July 2022		Year ended 31 July 2021	
	£ million	%	£ million	%
Consolidated Income				
Tuition fees and education contracts	91.6	51%	87.0	50%
Funding body grants – HEFCW	12.9	7%	12.3	7%
Funding body grants – Other	51.4	28%	46.7	27%
Research grants and contracts	0.4	0%	0.6	0%
Other income	22.9	13%	26.2	15%
Investment income	1.7	1%	1.1	1%
	180.9	100%	173.9	100%



■ Tuition Fees and Education Contracts
 ■ Funding Body Grants - HEFCW
 ■ Funding Body Grants - Other
 ■ Research Grants and Contracts
 ■ Other Income
 ■ Investment Income

OPERATING AND FINANCIAL REVIEW

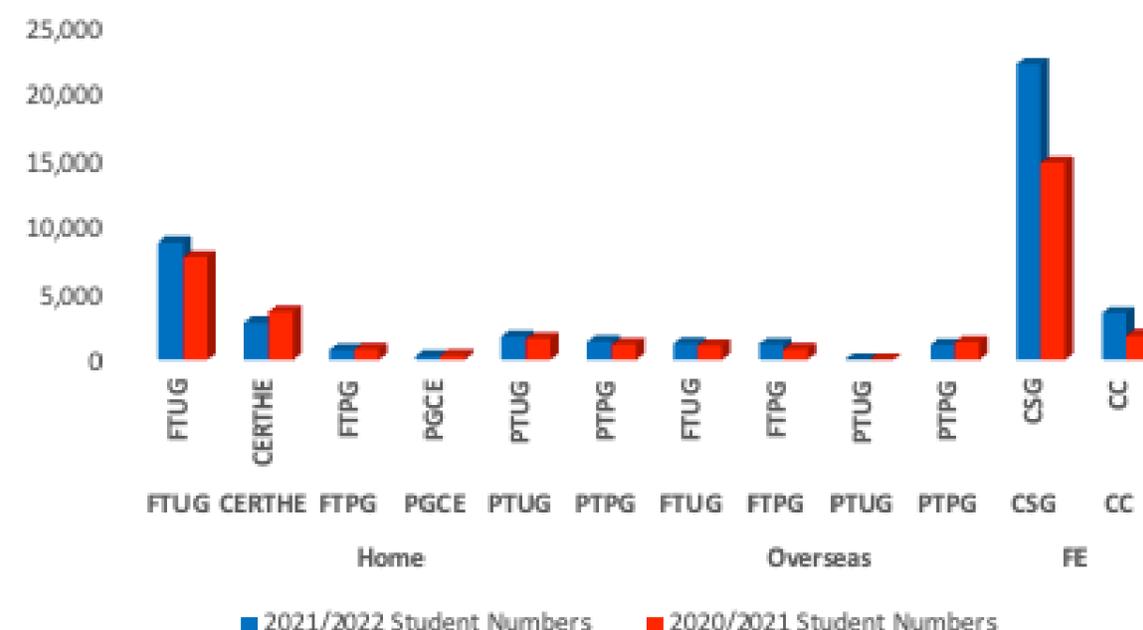
Funding body grants – Other reflect grants from the Welsh Government, received by Coleg Sir Gar, Coleg Ceredigion and Y Ganolfan Dysgu Cymraeg Genedlaethol (YGDCG).

Other income arises from a wide range of sources including: student residences, catering and grant funding for projects and programmes.

Student Income

The group saw students studying on undergraduate courses increase by 4%, post graduate courses by 7% and on further education courses by 50% in the year.

The table below show the make up of the University's student population.



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

The make-up of tuition fee income, generated from the student profile noted above is below;

	2021/2022 £ million	2020/2021 £ million	Movement £ million	Movement %
Consolidated Income				
Full Time Home and EU	78.1	76.6	1.5	2%
Full Time International	7.8	5.0	2.8	56%
Part Time	3.2	3.8	(0.6)	(16%)
Education Contracts (FE Colleges)	2.5	1.6	0.9	56%
	91.6	87.0	4.6	5%

OPERATING AND FINANCIAL REVIEW

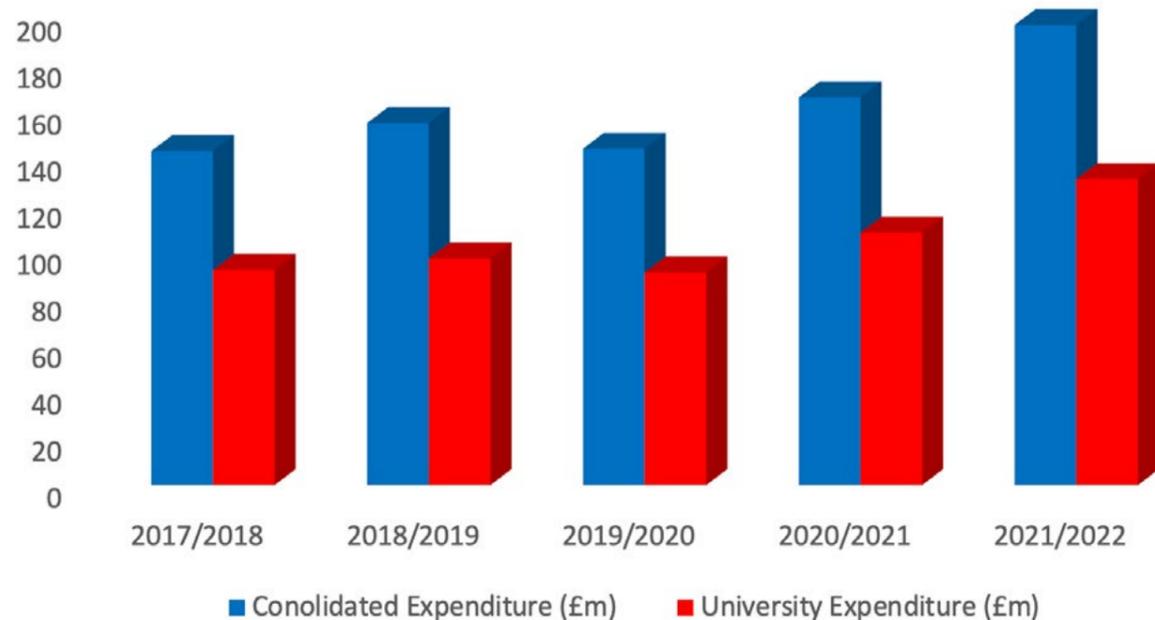
Expenditure

The consolidated total expenditure for the year was £197.1 million (2021: £165.7 million).

Expenditure has increased over the past 5 years to support income growth with prudent cost management measures being in operation during 2019/2020, 2020/2021 and 2021/2022 to combat the impacts of the Covid-19 pandemic and associated restrictions in place.

There have also been expenditure lines incurred specifically in utilisation of the additional funding from HEFCW over the same period which overall have led to a relatively flat pattern of expenditure whilst income levels have been increasing. The increase in 2021/2022 is largely through the significant USS charge of £24.0 million.

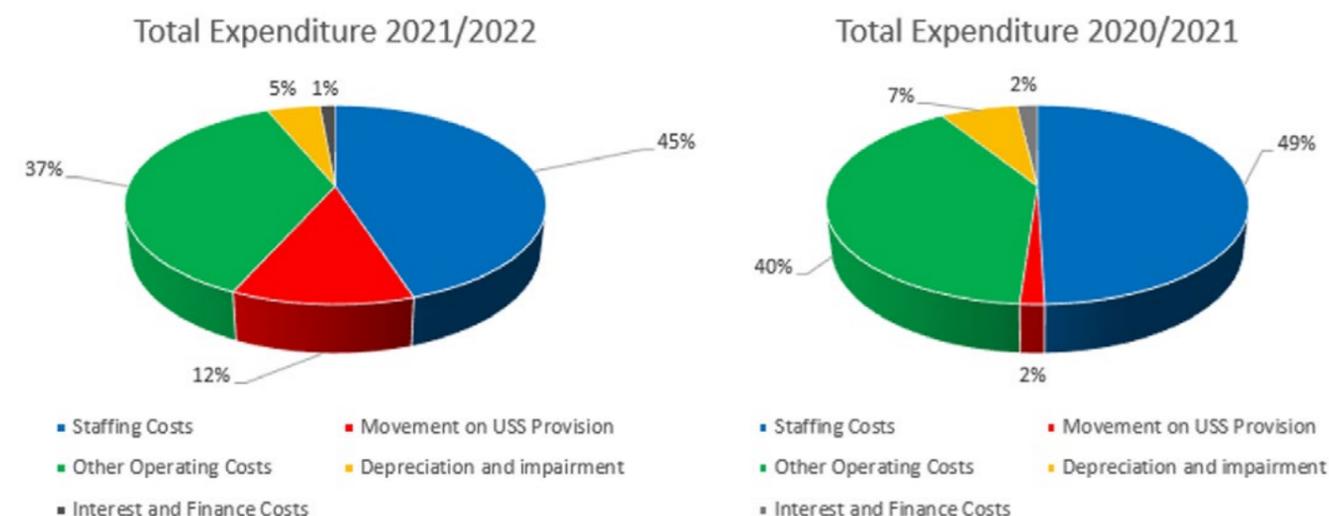
5 Year Expenditure Growth



The make up of the expenditure is summarised below;

	Year ended 31 July 2022		Year ended 31 July 2021	
	£ million	%	£ million	%
Consolidated Expenditure				
Staffing costs	87.8	45%	82.1	50%
Movement on USS Provision	24.0	12%	2.6	1%
Other operating costs	72.9	37%	66.2	40%
Depreciation and impairment	9.6	5%	11.7	7%
Interest and finance	2.8	1%	3.1	2%
	197.1	100%	165.7	100%

OPERATING AND FINANCIAL REVIEW



Staffing costs represent 62% of total income for the year (2021: 49%) The increase in staffing costs of £27.1 million includes an increase of £21.4 million in the year-on-year movement on the USS provision. Excluding this non-cash item gives a staffing cost total of £87.8 million (2021: £82.1 million) which represents 48.9% of income (2021 51.5%). Staffing costs include £0.1 million of fundamental restructuring costs (2021: £0.1 million).

The increase in other operating costs is largely through an increase in agent commission costs incurred through the increased student recruitment on non UCAS driven courses and expenditure on the estate to enhance the student experience as the University returns to an on campus delivery model.

Depreciation and impairment costs consist of depreciation (£9.6 million and impairment charges £nil (2021: £8.5 million and £3.2 million). Management have undertaken reviews on expected future use of the key University buildings and have concluded that the carrying value is appropriate with no impairment charges required in the current year.

Interest and finance costs include pension scheme interest charges of £1.1 million (2021: £1.2 million) and loan interest of £1.5m (2021: £1.6 million).

Balance Sheet

The consolidated Balance Sheet discloses a net assets position of £114.1 million as at 31 July 2022 (2021: £77.0 million). The increase in net assets primarily arises from the decrease in pension liabilities of £27.1 million to £50.0 million (2021: £77.1 million). When Pension liabilities are excluded the net asset position is £164.2 million at 31 July 2022 (2021: £151.5 million).

Cash and cash equivalent balances were £59.5 million at 31 July 2022 (2021: £54.9 million) with the increase reflecting the increase in income generating activity in the year and a proactive debt management process.

Capital expenditure at £14.2 million is higher than 2021 (£9.3 million) which reflects ongoing investment in the estate, particularly around initiatives around green technology and a transition towards a future net zero position.

Total creditors (due within one year) were £68.9 million at the year-end (2021: £63.6 million). The increase is primarily due to an increase in the trade creditors balance reflecting a high volume of purchasing activity in the final quarter of the year.

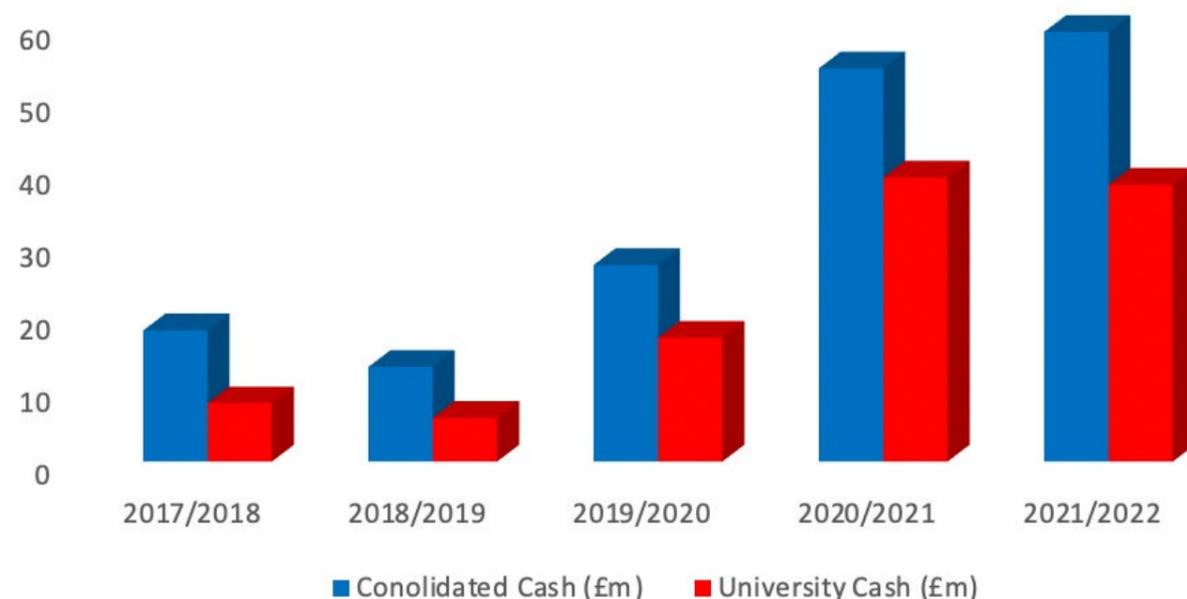
Total Creditors (due after one year) were £32.5 million at the year-end (2021: £34.7 million). The reduction is through the scheduled £2 million repayment of the secured loan with HSBC.

OPERATING AND FINANCIAL REVIEW

Cash Flow

The consolidated net cash inflow from operating activities was £17.1 million for the year (2021: £32.0 million) and the overall cash inflow was £4.7m (2021: £27.8 million).

5 Year Cash Growth



Cashflows from operating activities are impacted by the recognition of the positive non-cash pension costs of £26.9 million (2021: £5.0 million).

Cashflows from investing activities include proceeds from the sale of fixed assets of £3.5 million (2021: £0.2 million) and capital grant receipts of £1.1 million (2021: £8.1 million) less payments made to acquire fixed assets of £14.2 million (2021: £9.3 million).

Cashflows from financing activities comprises of new finance leases to fund the purchase of equipment of £0.6 million (2021: £0.5 million) less payments made against finance leases of £0.5 million (2021: £0.3 million) giving a net movement of £0.1 million (2021: (£0.2 million)) and interest payments of £1.7 million (2021: £1.7 million).

Bank covenant compliance

The 3 covenants in place for the year to 31 July 2022 and 31 Jul 2021 are

- The ratio of cash-flow available to meet debt servicing costs for the prior 12 months to be not less than 1.1 times debt servicing costs;
- The ratio of net debt to total income to be not more than 50%; and
- The level of consolidated net assets excluding pension liabilities to be not less than £105 million.

These covenants were tested, and passed at 31st October 2021, 31st January 2022, 30th April 2022, 31st July 2022. The budget and forecasts prepared indicate that they will be passed at all points for the remaining term of the loan product and the stress tested forecasts prepared for going concern assessment also indicate sufficient headroom in passing the tests up to October 2023.

OPERATING AND FINANCIAL REVIEW

Treasury Management

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible returns while minimising risk. At 31 July 2022 consolidated short-term investments, deposits and cash totalled £65.4 million (2021 £60.7 million). Of this amount, £10.3 million (2021: £9.0 million) were endowment funds. Interest and dividend income from all investments and deposits (endowment and non-endowment) was £0.1 million (2021: £0.3 million) while losses on investments were £0.2 million (2021: gain £0.8 million).

Liquidity

The Group's current ratio at 31 July 2022 was 1.49 (2021: 1.37).

The University has prepared detailed monthly cashflow forecasts for the 12 months ended 31 July 2023 and is of the opinion that it will have sufficient cash resources and liquidity during this period to properly manage its affairs and planned operations. These forecasts indicate a positive cash flow in the year.

Creditors due within one year amount to £68.6 million (2021: £63.5 million), the increase primarily arising from an increase in deferred income (£3 million), a decrease in other accruals (£3 million) and an increase in Trade Creditors (£6 million).

The increase in deferred income is driven through the increase in students on in-year intakes as noted above (£4 million) offset through the reduction in deferred grant income from Hefcw (£1 million) as these funds were recognised in the statement of comprehensive income during the year

The trade creditors increase is due to timing of transactions, there has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

Pensions

The movement on the provisions for the defined benefit pension schemes available (including closed schemes) is detailed in note 28. FRS102 requires the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS), this liability is included in the pension provision with additional costs are processed through staff costs in the consolidated statement of income and expenditure. The total provision for pension liabilities reduced by £26.7 million in the year to £47.8 million (2021: 74.5 million).

The impact on the pension scheme movements on the statement of financial performance is reflected as a £24.0 million charge within payroll costs (2021: £2.6 million charge) and an actuarial gain of £53.5 million (2021: £20.9 million gain)

In addition, £1.1 million (2021: £1.2 million) has been recognised through interest expense

As noted in Note 27, the 2020 valuation for the USS scheme completed in October 2020. The significant increases highlighted in early provisional outputs have been used as the basis of calculating the deficit provision at 31st July 2022, however following the final conclusion of the valuation in 2022 the projected contribution increases have not materialised with employer contributions increasing by 0.2% in April 2022. The University is not anticipating further contribution increases during the life of the 2020 valuation.

Management undertook a review on the underlying assumptions within the actuarial reports for each of the LGPS, TPS and In House schemes with all of the inflation, discount rate and salary movement assumptions falling within the range expected based on a peer review of 8 other institution schemes. Management note that the primary driver on the reduced liability positions in the year is through the increase in discount rates used in the valuation models.

The University is not anticipating to derive any economic benefit from the surplus position on the LGPS (Swansea) scheme or in-house scheme and have accordingly not recognised the surplus on the balance sheet. The impact of this is noted in note 27 on page 73.

OPERATING AND FINANCIAL REVIEW

Financial Health

The University is operating in a challenging economic environment which it is pro-actively managing.

The key indicators of surplus, cashflow and headroom in the banking covenants all give a positive view on the current status on the University's financial health.

The university recognises the need to actively manage this position in future periods with key areas for management focus including:

- maintaining and being pro-active in the recruitment and retention of students;
- managing a change in the nature of core business with reduced reliance on traditional three year undergraduate programmes and increased development of new and innovative delivery programmes;
- maintaining a sufficient level of cash reserves to support operations while using surplus cash for investment in the transformed University's estate strategy;
- managing cash flows, including the timely collection of receipts from the student loans company, to ensure compliance with bank covenants;
- being pro-active in responding to the reductions in core funding from HEFCW and Welsh Government;
- responding to the changing political context of Higher Education in Wales;
- further diversification of income streams; and
- robustly managing increases in pension costs.

During the year ended 31 July 2022 the University's increased teaching activity has translated into positive operating cash flows whilst continued diversification into new teaching areas and anticipated increased commercial activity during 2022/2023 will further add to the building of the Groups' operating cash flow.

The financial position at 31st July 2022 allows for significant capital expenditure to be undertaken in 2022/2023 as the University positions itself for further growth in future years. It is therefore anticipated that cash reserves will drop in 2022/2023 before recovering quickly in 2023/2024.

Going Concern

As noted above and in the Consolidated Statement of Cash flows there was a cash generation of £4.6 million in the year to 31 July 2022 with a net cash inflow from operating activities of £17.1m. This cash generation supports the analysis of underlying performance at the beginning of this financial review.

The University's budget setting for both 2022/2023 and 2023/2024 reflect the need to adequately fund the increased income levels and to ensure that the income is sustainable with further potential to grow without compromising on the quality of services delivered. This approach has seen significant increases in pay costs with non-pay costs being controlled in order to produce surpluses and operational cash generation at the target levels set by management and governors.

Despite the absolute value of pay costs increasing, the ratio of pay costs to income remains below 55%, a figure that management believes provides sufficient flexibility in discretionary non pay costs to manage any variations in income

It is expected that the Higher Education Sector will continue to experience many challenges and uncertainties over the coming years and the University continues to monitor any impact that this may have from both an operating and financial perspective.

The University has produced cash flow projections for the 12 months from the date of the financial statements being signed showing that even under a number of downside scenarios from the anticipated performance sufficient cash will be generated in the period to service the expenditure and liabilities falling due in the same period and to meet the 3 loan covenants.

OPERATING AND FINANCIAL REVIEW

The scenarios applied give further confidence in the University's ability to manage any uncertainty arising in the 12 months from the date of signing these financial statements and the accounts are produced on a going concern basis to reflect the points covered above.

Sustainability

The University considers sustainability on of the key risks that it faces, and maintaining financial security is the first listed enabler to achieving delivery of its strategic plan.

The University considers income generation and realisation of this income in cash as the most appropriate method of maintaining sustainability.

Underpinning this financial security is a diversification in the University's income streams through launching innovative new learning routes to support the traditional 3-year undergraduate courses and post graduate opportunities. The CERTHE qualifications are a key component of the University's tuition fee income and an area of focus and projected growth.

The profile of student intakes in the University is also evolving with increasing numbers of students joining the University as in-year intakes rather than in the traditional September enrolment. This is providing a flatter profile of cash generation from tuition fees allowing for greater flexibility in managing cash outflows.

The diversification is not to the detriment of the traditional income routes with the University continuously seeking growth in its core offering. In this there is also a recognition that the continued success of the University is dependent upon the quality of its teaching and its infrastructure.

In setting the budget for 2022/2023 management have reflected on the increased cost pressures from delivering a true hybrid teaching model along with the external economic pressures arising from the high utility costs, pressures on employee costs and the impact of increasing borrowing costs. In doing so a budget delivering a positive operating cash flow and surplus has been approved with utility costs fixed into the final quarter of the year and sufficient provision made for funding the operations of the University.

Within the budget process the University has set targets for EBITDA and cash generation that will aid the management of its primary sustainability metric - being the University's cash position and projections. Along with a requirement to have sufficient cash reserves to meet its obligations, the University has 3 covenants with its bankers, HSBC, linked to borrowing. 2 of these covenants are directly related to cash generation.

Cashflow management involves close management of the monthly cashflow, with regular updates provided to the University Council on performance, including visible risks or opportunities. The university does have a term loan with HSBC and utilises tools such as finance leases to balance its cashflow against capital expenditure needs. At both the balance sheet date and the date of signing the accounts the University has no plans to enter into any material additional financial obligations.

The term loan is due for refinancing in 2024, the swap instrument that is in place with this loan provides a fixed interest rate for this period.

The budget for 2022/2023 contains significant capital expenditure across 3 sites that will be funded through a mixture of external grant funding and existing University reserves. Where expenditure is focussed on increasing student capacity the expected payback on the cash investment is within 18 months. It is therefore expected for the cash balance at July 2023 to be lower than the current year, but this position will recover during 2023/2024.

The University has sufficient cash and robust operational plans to be able to look into the medium term with confidence that it will be able to weather the turbulent economic environment whilst continuing to invest in its future.

OPERATING AND FINANCIAL REVIEW

Environmental Reporting

The University is committed to embedding sustainability as a core principle. This is evidenced in the Strategic Plan and Environmental Policy Statement which articulates its values of Sustainable Development and Global Citizenship. Sustainability is embedded within the Strategic Action Plan (2022 – 2025) and Estates and Infrastructure have key performance indicators that are sustainability linked; these include: energy consumption, cost of core utilities, Scope 2 emissions. Progress is monitored through annual strategic plan reporting and Key Performance Indicator Reporting provided to the Resources and Performance Committee and University Council

The University is specifically committed to implementing a university wide Carbon Management Plan to achieve Net Zero by 2030.

In July 2014, the University adopted a Carbon Management Strategy to explicitly show its commitment to, and outline a plan for, managing and reducing its carbon emissions, against which considerable progress has been made; This has included: signed Swansea Healthy Travel Charter and external communications on student led projects. Solar installations, retro fitting the estate with energy efficient options such as LED lighting, Low carbon Heat Pumps, etc.

Systematic revision of this plan will enable the University to continue the journey to Net Zero Carbon while undertaking a range of assessments that will inform the development of a three-year plan that will recognise the progress to date and further map out the route to Net Zero Carbon

The action areas identified for carbon reduction fall within the following three main pillars.

1. Implementing a Monitoring Programme to ensure accurate monitoring of energy use, and water use through the provision and use of an Energy Management System enabled by an appropriate software package.
2. Transition to ensure that all new capital projects are built to Net Zero Carbon BREEAM 'Excellent' score and there is an associated reduction in supply chain impacts.
3. To significantly improve the energy efficiency of the remaining estate, with full consideration given to replacement & renewable energy heat schemes and discontinuation use of gas. Campus development plans must prioritise decarbonisation opportunities such as scoping for Low/No Carbon Heat pilot projects and making demonstrable progress on understanding and implementing the remaining energy efficiency opportunities. which include utilisation of effective building management controls.

In addition, the University will:

- Develop people centred model of service delivery that reduces the need to travel for staff, students and visitors that promotes low emission travel, active travel and encourages a greater use of public transport, reducing car commutes and business travel
- Apply the principles of a circular economy to our procurement activities, incorporating a robust carbon reduction phase that assesses the carbon impact of goods and service across the lifespan.
- Utilise UK markets for carbon sequestration values to develop a land asset calculation
- Develop renewable energy sources to reduce our carbon footprint, mitigating business risk against overloading and power outage on the National Grid
- Student and staff engagement through a blended approach of both digital and face to face events which aims to promote behaviour change that creates a climate conscious Wales.

OPERATING AND FINANCIAL REVIEW

Central to this is the Sustainable Development Group that the University has established, to bring together individuals from each institute and professional services unit to promote and communicate sustainability across the whole institution. This has resulted in several initiatives relating to Net Zero being communicated to staff, such as our "One Campus, One Day" initiative aimed at reducing inter-campus travel as well as providing a consultation forum for policy development, check and challenge.

Arwel Ellis Owen (Chair, Resources and Planning Committee) **Gavin Bessant** (Director of Financial Services)

OPERATING AND FINANCIAL REVIEW

Governance arrangements

In accordance with the University's Supplemental Royal Charter as revised in 2012, the Council is the governing body of the University and is responsible, through Statute, for approving the strategic plans for the University and for governing and regulating its finances, accounts, investments, property, business and affairs. Its Primary Responsibilities are set out in the University's Ordinances.

The Council comprises independent, staff and student governors appointed under the Statutes and Ordinances of the University, the majority of whom are non-executive. Members of Council are also trustees of the University. Vacancies for independent members are advertised externally and appointments are made following completion of an interview and selection process. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council is served by a Clerk who is responsible to the Chair.

The Council meets at least four times a year and also exercises its responsibilities through the executive management and several standing committees. A Scheme of Delegation sets out where decision-making authority in the name of, or on behalf of, the Council resides, and where this authority can and has been delegated. The standing committees are chaired by independent members of Council and all have a majority of independent members. Since 2019/20 staff and student Council members have been members of all standing committees with the exception of the Audit and Risk Committee. Senior officers of the University attend meetings as necessary.

A register of interests is maintained and presented annually for all members of Council and the standing committees along with senior officers of the University and its subsidiary companies. A Code of Practice for Council Members provides information on the procedures to be followed should a conflict of interest or loyalty arise.

The standing committees of Council in 2021/22 were as follows:

Academic Committee

Established in 2019/20, the Academic Committee provides advice to Council on its determination of the educational character of the University.

The Committee met on three occasions in 2021/22. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment, international activities and quality assurance; the University's strategy for developing and promoting Welsh medium and bilingual education; and reports from Coleg Sir Gar on learners and standards.

A key focus for the year was the University's preparations for, and the outcomes of, the QAA Quality Enhancement Review in March 2022. The Committee received a range of other information on the maintenance of academic quality and standards, including the University's Degree Outcomes Statement, and considered several new plans and strategies including those relating to Race Equality, Academic Success and the Doctoral College.

The membership was follows (with attendance (%) provided in brackets): Geraint Roberts (Chair) (100%); Professor Medwin Hughes (66%); Uzo Iwobi (33%); Matthew Peake (66%); Liam Powell (resigned March 2022) (50%); Victoria Provis (100%); Randolph Thomas (100%); Dr Kerry Tudor (66%); Deris Williams (authorised period of absence, 0%).

Audit and Risk Committee

The Audit and Risk Committee oversees audit and risk across the UWTSO Group, with terms of reference that are based on the model terms of reference set out in the Higher Education Audit Committees Code of Practice published by the Committee of University Chairs (CUC). The Internal and External Auditors are present at each meeting.

The Committee met on four occasions in 2021/22. It considered a range of issues within the scope of its remit, including internal and external audit plans and findings; the financial statements prior to their submission to Council; reports on expenditure controls established for the additional HEFCW funding received in response to

OPERATING AND FINANCIAL REVIEW

the pandemic; the corporate risk register; a twice-yearly transparency report on a range of matters including procurement and freedom of information; an annual report on whistleblowing; financial reports relating to the Students' Union; and reports from the Coleg Sir Gar Audit and Risk Management Committee.

A major activity for the year was the tender for the appointment of internal and external auditors, with the Committee considering subsequent proposals for appointment and making recommendations to Council accordingly

The membership was follows (with attendance (%) provided in brackets): Arwel Ellis Owen (Chair) (100%); Tony Ball (100%); Nigel Roberts (100%); Dr Liz Siberry (75%); Deris Williams (authorised period of absence; 25%); Jayne Woods (co-opted; 100%).

Audit and Risk Committee was chaired by Arwel Ellis Owen during the year, the committee will be chaired by Nigel Roberts for 2022/2023

There is no cross-membership between the Audit and Risk Committee and the Resources and Performance Committee.

Group Scrutiny Committee

The Group Scrutiny Committee maintains oversight of the subsidiary companies of the University, focusing in particular on strategies pertaining to the relationship between the University and Coleg Sir Gar.

The Committee met on one occasion in 2021/22. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies, focusing on confirmation of compliance and strategic relevance to the Group; and consideration of the annual joint statement of strategic intent with Coleg Sir Gar.

The membership was follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Pam Berry (100%); Professor Medwin Hughes (100%); Liam Powell (resigned March 2022; 0%); Dr Stuart Robb (100%); Maria Stedman (100%); Randolph Thomas (100%); Jayne Woods (co-opted; 100%).

Nominations and Governance Committee

The Nominations and Governance Committee is responsible for monitoring Council's corporate governance capability and governance arrangements for the University and the wider UWTSO Group. It monitors the composition and membership needs of the Council and makes recommendations for appointments to committees and other bodies.

The Committee met on three occasions in 2021/22. It considered a range of issues within the scope of its remit, including progress against the University's action plan arising from the Review of Governance of the Universities in Wales; the biennial review of compliance with the CUC Higher Education Code of Governance; succession planning and the recruitment strategy for new independent governors; governance reports from Coleg Sir Gar; proposals for amendments to the standing committee structure; reports on complaints; and nominations for honorary awards.

The membership was as follows (with attendance (%) provided in brackets): Pam Berry (Chair) (100%); Andrew Curl (33%); Tania Davies (66%); Margaret Evans (100%); Professor Medwin Hughes (100%); Vanessa Liverpool (33%); Maria Stedman (66%); Randolph Thomas (100%); Deris Williams (authorised period of absence; 66%).

Nominations and Governance Committee was chaired by Pam Berry during the year; the committee will be chaired by Siwan Davies for 2022/2023.

Remuneration Committee

The Remuneration Committee determines on an annual basis the salaries, terms and conditions and, where appropriate, the severance conditions of the Vice-Chancellor, Deputy Vice-Chancellors, the Pro

OPERATING AND FINANCIAL REVIEW

Vice-Chancellors and the Clerk to the Council. As part of this process the Committee considers a range of external contextual and comparative measures in determining pay awards as set out in the annual Pay Policy Statement.

The Committee met on three occasions in 2021/22. It considered a range of issues within the scope of its remit, including a mapping of the University's policy and practice against the updated CUC Higher Education Senior Staff Remuneration Code; the appointment and remuneration of new members of the senior team and other confidential matters affecting staff within its remit; the University's annual pay policy statement; and annual salary reviews for staff within its remit with accompanying relevant supporting information. The Committee also commissioned and participated in a two-part training programme on senior remuneration delivered by QCG Consulting.

The membership was as follows (with attendance (%) provided in brackets): Pam Berry (Chair) (100%); Justin Albert (33%); Andrew Curl (100%); Eifion Griffiths (66%); Vanessa Liverpool (66%); Dr Conny Matera-Rogers (100%); Randolph Thomas (100%).

The University publishes its annual pay policy on its website and can be viewed at the following link: [uwtsd-annual-pay-policy-statement-july-2022.pdf](https://www.uwtsd.ac.uk/annual-pay-policy-statement-july-2022.pdf)

Remuneration Committee was chaired by Pam Berry during the year; the committee will be chaired by Justin Albert for 2022/2023.

Resources and Performance Committee

The Resources and Performance Committee maintains oversight of strategic planning and the financial affairs of the University.

The Committee met on four occasions in 2021/22. It considered a range of issues within the scope of its remit, including strategic and confederal developments; assessments of performance in relation to the measures of success of the Strategic Plan, the institutional Key Performance Indicators, and the targets of Fee and Access Plans; reports on student recruitment and retention; financial performance against forecasts and budgets and institutional sustainability; pensions; reports from the Estates Strategy Group established by the Council to oversee the strategic development of the estate; financial reports from the Students' Union; human resources matters including approval of the annual pay award and reports from the Joint Consultative Committee; and reports relating to finance and resources from Coleg Sir Gar. Specific elements of its work during the year included consideration of a new Research and Innovation Strategy and monitoring of spend in respect of the Higher Education Investment and Recovery Fund. As part of its work the Committee recommended to Council enhancements to and extension of the University's Strategic Plan to cover 2023/24.

The membership was as follows (with attendance (%) provided in brackets): Andrew Curl (chair) (50%); Pam Berry (75%); John Edge (co-opted; 100%); Margaret Evans (100%); Eifion Griffiths (75%); Professor Medwin Hughes (50%); Rowland Jones (100%); Vanessa Liverpool (50%); Dr Conny Matera-Rogers (75%); Maria Stedman (100%); Dr Geoffrey Thomas (co-opted; 100%); Randolph Thomas (chaired on two occasions in the absence of the Chair; 100%).

Resources and Performance Committee was chaired by Andrew Curl during the year, the committee will be chaired by Arwel Ellis Owen for 2022/2023

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

At executive level, the **Senior Directorate Group** meets on a regular basis in an advisory role to support the Vice-Chancellor and Deputy Vice-Chancellors in the formulating proposals for the strategic direction of the University. 15 meetings were held in 2021/22. A wide range of topics are discussed at the meetings – both strategic and

OPERATING AND FINANCIAL REVIEW

operational.

In 2021/22 the Senior Directorate membership was as follows: Professor Medwin Hughes (Chair), Stephen Baldwin, Gavin Bessant, Sarah Clark, Shone Hughes, Professor Dylan Jones, Barry Liles, Jane O'Rourke, Professor Mirjam Plantinga, Professor Catrin Thomas, Iestyn Davies, (joined Started 9 May 2022). The attendance rate was 96%.

CUC Higher Education Code of Governance

The University aspires to high standards of corporate governance. As a corporation founded by Royal Charter with charitable status, the University does not fall within the corporate governance reporting requirements of the London Stock Exchange but it seeks to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. All Council members are required to sign up annually to a Code of Practice for Council Members which sets out the standards of conduct and accountability which are expected of them in their role as governors of the University and charity trustees; the principles and values of the University and of public service more generally; and the University's approach to matters such as confidentiality and the declaration of interests.

The University's governance arrangements have been developed to reflect the principles and practices set out in CUC's Higher Education Code of Governance, the most recent iteration of which was published in September 2020. Through the Nominations and Governance Committee the Council has reviewed its practices in the context of the Code and has confirmed that all of the Primary Elements are in place. In 2019 the Council undertook a Governance Effectiveness Review, with external input, which included holistic consideration of adherence to the Code and resulted in a published action plan. The next Effectiveness Review is scheduled to take place in 2022/23.

Through its Remuneration Committee, Council reviewed compliance with CUC's Higher Education Senior Staff Remuneration Code (June 2018) in 2018/19. A further review was undertaken in 2020 in the light of the recommendations of the Camm Review, and in 2022 following the publication of an updated Code. The University's practices adhere in full to the expectations of the Code. Through the Audit and Risk Committee, the Council has also confirmed that all elements of CUC's Higher Education Audit Committees Code of Practice (May 2020) have been adopted.

An internal audit of the Group's approach to Corporate Governance was undertaken in summer 2022 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls.

Camm Review of Governance of the Universities in Wales

The Council has welcomed the Review of Governance of the Universities in Wales by Gillian Camm ('the Camm Review'), the report of which was published in February 2020. In July 2020 the Council formally adopted the Governance Charter for Universities in Wales published by the Chairs of Universities Wales (ChUW) and Universities Wales and agreed an action plan in response to the accompanying Commitment to Action. By October 2022 the Council had made considerable progress with implementing the plan, including by:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors
- implementing a recruitment and induction strategy with a focus on diversity;
- reviewing the standing committee structure;
- confirming its approach to governor independence and conflict management;
- reviewing its arrangements for remuneration governance;
- completing a review of risk management policy;

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- reviewing the internal audit process;
- commissioning an annual report on whistle-blowing;
- approving the statements on independence, the role of the Secretary and annual reporting developed through the Welsh Clerks and Secretaries Group;
- approving an approach to leadership succession planning;
- adopting the new template for the Annual Report and Financial Statements;
- drafting a governor development and retention plan;
- participating in Advance HE workshops relating to equality and diversity and commencing work on its own EDI plan.

A key element of focus for the Council following the Camm Review has been the articulation, consolidation and enhancement of arrangements for governor induction and development. Formal and comprehensive induction arrangements, including a 'buddy' scheme for new independent governors, have been established, and a development and retention plan for all governors has been drafted, setting out the opportunities (both mandatory and optional) that are available. Record-keeping has been formalised, as has the approach to appraisal.

The Council's remaining work in relation to the Camm Review is scheduled for completion in 2022/23 following the publication of the sector-wide guidance on stakeholder engagement and the completion of other sector-wide work to support governor development and EDI planning.

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Statement Of Internal Control

As the governing body of the University, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes, and the annual Terms and Conditions of Funding issued by the Higher Education Funding Council for Wales (HEFCW).

The internal control system includes policies, regulations and plans; monitoring of financial and operational performance; segregation of duties; authorisation and approval procedures; information systems; and effective internal and external audit functions. It also includes an ongoing process designed to identify the principal risks to the achievement of the strategic plans and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. These systems have been in place for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements. The system accords with relevant guidance from the British Universities Finance Directors Group.

The system of internal control is designed to manage rather than eliminate the risk of failure in the achievement of business objectives; it therefore provides reasonable but not absolute assurance of effectiveness and not absolute assurance against material misstatement or loss.

The Audit and Risk Committee has specific authority delegated by the Council to monitor and review internal control matters on its behalf and to report to Council on these matters. Independent Internal Auditors undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit and Risk Committee which receives their reports and recommendations. The areas for review are determined by their significance to the University's operations and the risks associated with their failure; they include operational and compliance matters as well as financial risk. The Internal Auditors attend each meeting of the Committee and meet privately with independent members on each occasion. The deliberations of the Audit and Risk Committee are reported at each meeting of the Council.

The University has established a robust methodology for evaluating and managing risk on a continuing basis, linked explicitly to the achievement of institutional objectives. UWTSO Group and corporate-wide University risk registers, which rate the likelihood and impact of identified risks, are maintained and regularly reviewed by the Senior Directorate. Departmental risk registers are developed and reviewed at local level, with risks escalated to the corporate risk register as appropriate. Registers are also maintained for discrete major projects and activities. The Group and corporate risk registers are considered at each meeting of the Audit and Risk Committee and changes are reported to the Council. The Group Risk Management Policy and the construction of the risk register were comprehensively reviewed in 2021/22 and proposed revisions were approved by the Council in July 2022. An internal audit of the Group's approach to Risk Management was undertaken in summer 2022 and provided adequate assurance on the adequacy of internal controls and substantial assurance on the effectiveness of internal controls. By October 2022 good progress had been made in addressing the audit recommendations.

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

No significant internal control weaknesses or failures have arisen during the financial year or after the financial year but before these financial statements have been signed.

OPERATING AND FINANCIAL REVIEW

Risk Management / Risk Register

The Statement of Internal Control sets out the arrangements that are in place for risk management, including the continuing process of identifying, evaluating and managing risks.

A Comprehensive risk register is maintained by the University with specific risks allocated to the appropriate senior managers and departmental heads. It is the responsibility of these risk owners to identify and implement mitigating actions to protect the University.

Risks are allocated an initial 'score' based on likelihood of occurrence and impact on the University with updates at each relevant committee and council meeting detailing progress towards mitigating actions/ new actions identified and an updated risk score post mitigation.

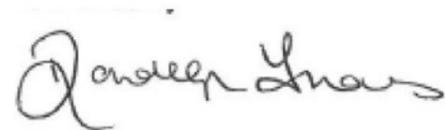
A full update to the register is presented to each meeting of the Audit and Risk Committee.

Conclusion

The Higher Education sector is adapting to a post Covid-19 environment where the traditional delivery of teaching will evolve into a true hybrid delivery model and the needs and expectations of students are likely to differ from that pre Covid-19. The challenges facing the sector will continue throughout 2022/2023.

The University continues to strengthen its core operations and deliver a divergence in products and markets.

Cost management remains a key focus for the University and the activity that has been taken in previous years has provided a sound base from which the University can mitigate any challenges presented in the year and deliver *healthy operating position to meet future challenges*.



The Venerable Randolph Thomas
Chair of University Council

STATEMENT OF CORPORATE GOVERNANCE

Statement Of Council's Responsibilities In Respect Of The Annual Report And The Financial Statements

The Council is responsible for preparing the Annual Report, Operating and Financial Review and the Directors' Report and the financial statements in accordance with the requirements of the Terms and Conditions of Funding issued by the Higher Education Funding Council for Wales (HEFCW), the Accounts Direction to Higher Education Institutions for 2021/22 issued by HEFCW, the Financial Management Code issued under the Higher Education (Wales) Act 2015 and applicable law and regulations.

It is required to prepare the Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the requirements of the Charities Act 2011. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction to Higher Education Institutions for 2021/22 issued by HEFCW.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the Group and parent University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code (FMC);
- Funding Council grants have been applied in accordance with terms and conditions attached to them and used for the purposes for which they were received, including the Terms and Conditions of Funding;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

Independent Auditor's Report To The Council Of University Of Wales: Trinity Saint David Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of University of Wales Trinity Saint David ("the University") for the year ended 31 July 2022 which comprise Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under the Charters and Statutes of the University and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit and Risk Committee, estates and other committees' minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group's fraud register.
- We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries containing specific key words, revenue journals posted to unrelated accounts, unusual journal entries in relation to cash and borrowings and material journals posted after the ledger closing date.
- Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation, charities legislation and specific disclosures required by higher education legislation and regulation, including the Accounts Direction issued by the Higher Education Funding Council for Wales, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following area as that most likely to have such an effect: compliance with higher education regulatory requirements of the Higher Education Funding Council for Wales, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Council (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises the Operational Review and Financial Review and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion the information given in Operating and Financial review and the Report of the Governors and Corporate Governance Statement is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

Council Responsibilities

As explained more fully in its statement set out on page 38, the Council is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report On Other Legal And Regulatory Requirements

We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2021/22 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code (FMC);
- Funding Council grants have been applied in accordance with terms and conditions attached to them and used for the purposes for which they were received, including the Terms and Conditions of Funding; and
- the requirements of HEFCW's Accounts Direction have been met.

The Purpose Of Our Audit Work And To Whom We Owe Our Responsibilities

This report is made solely to the Council in accordance with Ordinances of the University and in accordance with the with the section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.

Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

25th November 2022

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	91,568	85,392	87,021	81,493
Funding body grants	3	64,278	12,941	58,903	12,286
Research grants and contracts	4	378	378	617	617
Other income	5	22,929	13,938	26,202	19,615
Investment income	6	1,717	1,663	1,128	1,106
Total Income		180,870	114,312	173,871	115,117
Expenditure					
Staff costs	7	87,832	57,606	82,082	52,827
Movement on USS Provision	7	23,995	23,996	2,618	2,618
Other operating expenses	9	72,942	41,860	66,155	41,642
Depreciation and impairments	11	9,635	6,114	11,686	8,432
Interest and other finance costs	8	2,781	2,249	3,125	2,520
Total expenditure		197,185	131,824	165,666	108,039
Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates.		(16,315)	(17,512)	5,131	8,205
Gain on disposal of fixed assets		232	231	36	32
Decrease in fair value of Investment properties	13	(27)	123	(1,872)	(1,672)
Gain/(Loss) on investments		(254)	(205)	811	770
Share of operating deficit in associate	14	-	-	-	-
		(16,364)	(17,363)	7,180	6,208
Taxation	10	(9)	-	(46)	-
Surplus/(deficit) for the year		(16,373)	(17,363)	7,134	6,208
Actuarial gain/(loss) in respect of pension schemes	27	53,538	27,818	20,880	15,003
Total comprehensive income for the year		37,165	10,455	28,014	21,211
Represented by:					
Endowment comprehensive income for the year	22	1,257	1,253	1,366	1,357
Unrestricted comprehensive income for the year		35,908	9,202	26,648	19,854
Surplus for the year attributable to					
University		(16,348)	(17,363)	7,323	6,208
Non-controlling interest		(25)	-	(189)	-
Total comprehensive income for the year attributable to		(16,373)	(17,363)	7,134	6,208
University		37,190	10,455	28,203	21,211
Non-controlling interest		(25)	-	(189)	-
		37,165	10,455	28,014	21,211

All items of income and expenditure relate to continuing activities

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES

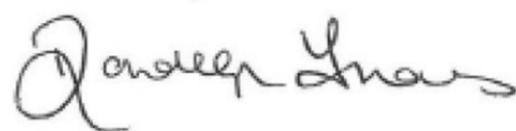
Consolidated	Endowment £'000	Unrestricted £'000	Revaluation Reserve £'000	Total Excluding Non- Controlling Interest £'000	Non- Controlling Interest £'000	Total £'000
Balance at 1 August 2020	7,673	17,830	23,967	49,470	(526)	48,945
Surplus/(deficit) from the income and expenditure statement	1,366	5,957	-	7,323	(189)	7,134
Other comprehensive income	-	20,880	-	20,880	-	20,880
Total comprehensive income for the year	1,366	26,837	-	28,203	(189)	28,014
Balance at 1 August 2021	9,039	44,667	23,967	77,673	(715)	76,958
Surplus/(deficit) from the income and expenditure statement	1,257	(17,605)	-	(16,348)	(25)	(16,373)
Other comprehensive income	-	53,538	-	53,538	-	53,538
Total comprehensive income for the year	1,257	35,933	-	37,190	(25)	37,165
Balance at 1 August 2022	10,296	80,600	23,967	114,863	(740)	114,123
University	Endowment £'000	Unrestricted £'000	Revaluation Reserve £'000	Total £'000		
Balance at 1 August 2020	7,233	11,474	14,454	42,706		
Surplus/(deficit) from the income and expenditure statement	1,357	4,851	-	6,208		
Other comprehensive income	-	15,003	-	15,003		
Total comprehensive income for the year	1,357	19,854	-	21,211		
Balance at 1 August 2021	8,590	31,291	14,454	54,335		
Surplus/(deficit) from the income and expenditure statement	1,253	(18,615)	-	(17,362)		
Other comprehensive income	-	27,819	-	27,819		
Total comprehensive income for the year	1,253	9,204	-	10,457		
Balance at 1 August 2022	9,843	40,495	14,454	64,792		

CONSOLIDATED STATEMENT OF CASH FLOWS

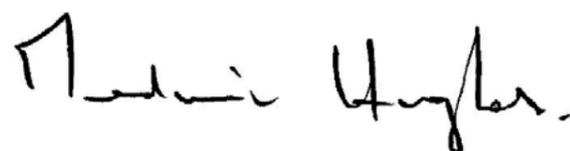
	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible Fixed assets	11	152,464	106,814	153,248	106,889
Heritage assets	12	6,205	6,205	6,241	6,205
Investment properties	13	3,519	2,519	4,414	3,264
Investments	14	807	-	788	-
		<u>162,995</u>	<u>115,538</u>	<u>164,691</u>	<u>116,358</u>
Current assets					
Assets held for sale	11	1,957	1,957	-	-
Stock	16	527	281	487	317
Trade and other receivables	17	34,651	41,272	26,417	33,690
Investments	18	5,917	5,901	5,875	5,857
Cash and cash equivalents		<u>59,527</u>	<u>37,758</u>	<u>54,856</u>	<u>38,510</u>
		<u>102,579</u>	<u>87,169</u>	<u>87,635</u>	<u>78,374</u>
Less: Creditors: amounts falling due within one year	19	(68,854)	(65,875)	(63,545)	(62,478)
Net current assets/(liabilities)		<u>33,725</u>	<u>21,294</u>	<u>24,090</u>	<u>15,896</u>
Total assets less current liabilities		<u>196,720</u>	<u>136,832</u>	<u>188,781</u>	<u>132,254</u>
Creditors: amounts falling due after more than one year	20	(32,529)	(32,366)	(34,677)	(34,306)
Provisions					
Pension provisions	27	(47,813)	(38,775)	(74,536)	(42,502)
Other provisions	21	(2,255)	(899)	(2,610)	(1,111)
Net assets		<u>114,123</u>	<u>64,792</u>	<u>76,958</u>	<u>54,335</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	10,296	9,843	9,039	8,590
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		80,600	40,495	44,667	31,291
Revaluation reserve		23,967	14,454	23,967	14,454
		<u>114,863</u>	<u>64,792</u>	<u>77,673</u>	<u>54,335</u>
Non-controlling interest	25	(740)	-	(715)	-
Total Reserves		<u>114,123</u>	<u>64,792</u>	<u>76,958</u>	<u>54,335</u>

The accompanying notes and policies on pages 47 to 88 form part of these financial statements.

The financial statements were approved by the Governing Body on 24th November 2022 and were signed on its behalf on that date by:



The Venerable Randolph Thomas (Chair)



Prof Medwin Hughes (Vice-Chancellor)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Cash flow from operating activities			
Surplus for the year		(16,373)	7,134
Adjustment for non-cash items			
Depreciation and impairments	11	9,635	11,686
(Gain)/Loss in market value of investments		254	(811)
(Gain)/Loss in investment properties	13	27	1,872
Loss in revaluation of livestock	11	-	-
Decrease/(increase) in stock	16	(40)	60
Decrease/(increase) in debtors	17	(8,239)	1,446
Increase/(decrease) in creditors	19	5,306	13,241
Increase/(decrease) in other provisions	21	(355)	(70)
Pension costs less contributions payable	27	26,875	4,980
Tax paid in year		-	(16)
Share of operating (surplus)/deficit in associate & JV	14	-	320
Adjustment for investing or financing activities			
Investment income	6	(1,717)	(1,128)
Interest payable	8	1,639	1,798
Capital grant income		(1,050)	(8,120)
Profit on the sale of fixed assets		(232)	(36)
Endowment received in the year		1,343	-
Net cash inflow/(outflow) from operating activities		<u>17,073</u>	<u>32,037</u>
Cash flows from investing activities			
Proceeds from sales of fixed assets		3,521	167
Capital grant receipts		1,050	8,120
Investment income		820	300
New non-current asset investments		-	-
Payments made to acquire fixed assets		(14,185)	(9,318)
		<u>(8,793)</u>	<u>(732)</u>
Cash flows from financing activities			
Interest element of finance lease rental payment		(54)	(73)
Interest paid		(1,714)	(1,634)
New finance leases		586	466
Loan repayments		(2,000)	(2,000)
Net capital element of finance lease rental payments		(426)	(249)
		<u>(3,608)</u>	<u>(3,496)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>4,671</u>	<u>27,808</u>
Cash and cash equivalents at beginning of the year		<u>54,856</u>	<u>27,048</u>
Cash and cash equivalents at end of the year		<u>59,527</u>	<u>54,856</u>

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**a. Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS102).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention, except in relation to investment properties, current asset investments and derivative financial instruments carried at fair value.

b. Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2021, which include Coleg Sir Gar and Coleg Ceredigion. Intra entity transactions are eliminated fully on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosure required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

c. Going Concern

The activities of the University and its subsidiaries, together with the factors likely to affect its future development and performance, are set out in the Operating and Financial review. The financial position of the University and its subsidiaries, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. The financial statements are prepared on a going concern basis which the senior management and Council believe to be appropriate for the following reasons.

After adjusting for non-cash adjustments on the USS provision of £23.2 million and other non-core items (as noted on page 20), the university has recorded a surplus in the year of £8.4 million and a positive cash flow of £4.7 million, these gains build on an underlying surplus of £10.5 million and positive cash inflow of £27.8 million in the prior year. The budget for 2022/2023 targets a surplus of £5.0 million before land sales and positive operating cash inflow of £14.5million which after capital additions produces a net cash outflow of £8.2m. From this senior management and Council are content that the University is in a position of profitability and cash generation, with the projected closing back balance at July 2023 being £51.3m and the investments made in 2022/2023 quickly delivering positive cash flows in 2023/2024.

As noted on page 19 in the financial review the reported deficit of £16.4 million for the year is based on an underlying surplus of £8.3 million which represents a comparable operating position of the University when non-cash and non-core activity is stripped out of the reported surplus or deficit for the year. The £8.3 million underlying position is a decrease of £2.2 million from the underlying surplus of £10.5 million in the prior year. The movement in the underlying position is primarily due to the University investing in its cost base to support the increasing income levels and is in line with the planned position in the budget for the year.

The current underlying income level and cost base are felt to be sustainable, with the budget for 2022/2023 showing further growth in income and in its EBITDA performance.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022

As part of the budget process the University has moved to a position of setting targets for EBITDA at between 10% and 15%, cashflow generation of £10m before capital expenditure and financing activity and a wages to income ratio below 55%. These targets feed into a clear strategic financial plan that builds on the successful new initiatives that have been implemented in the past few years, increasing the surplus on core activities and delivers cash surpluses from operations. The strategic financial plan has 3 key components. These are:

1. Recognising the impact of demographic factors and changing demands on the market and restructuring the delivery cost base as a result. This has already been achieved substantially with a reorganisation and restructuring across the South Wales campuses implemented in the current financial year;
2. Acknowledging the needs and demand for more flexible learning models and of those adults not currently in Higher and Further education noted in the Augar review and developing delivery models to address these. The University has established non-traditional Learning Centres in South Wales, London and Birmingham with new delivery models and is growing student numbers considerably in these centres; and
3. Recognising the growing demand of international educational institutions for a presence in the UK higher education market and developing strategic alliances and partnerships to grow student numbers and income in this area.

The University and its subsidiaries prepared five year financial forecasts as part of the 2022/2023 budget process that deliver surpluses and positive cashflow in each year based on the above plans. They have also considered alternative "downside" scenarios if these plans are not realised and the alternative mitigating actions that would be required as a result. The early performance in 2022/2023 is in line with the overall budget expectations for the period and the University has a number of mitigations and income opportunities that can be actioned should in year recruitment and performance deviate from the budget position.

As part of the going concern assessment the University and subsidiaries have prepared detailed financial forecasts for the period to 31 December 2023. These have been prepared on both "base case" and "downside case with mitigation" scenarios. The downside case reflects the principal financial performance risks to which the University and its subsidiaries are exposed and is believed to be a fair to cautious assessment of these. In both scenarios the University and its subsidiaries have adequate financial resources to sustain operations over the forecast period which covers 12 months from the date of these accounts and beyond, and to meet obligations as they fall due. In addition the banking covenant tests are met at each testing point in the forecast period.

After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the volatile economic environment that the UK is currently in, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group banking covenants to HSBC are tested at 31 July 2022 and 31 October 2022, will next be tested at 31 January 2023 and then at all subsequent quarters. All covenant tests were passed at the 4 testing points in 2021/2022 and at October 2022 with no issues arising from the testing

The forecasts referred to above demonstrate that the University and its subsidiaries will be compliant with all covenants on both base case and downside with mitigation case scenarios.

Consequently, the Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

d. Income Recognition

Income from the sale of goods or services is credited to the Consolidated and University Statements of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022

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

Income from accommodation provision is credited to the Consolidated and University Statements of Comprehensive Income over the contracted length of the accommodation. Accommodation contracts are issued on a yearly basis. Bonds held on accommodation are held on the Consolidated and University Balance Sheets and repaid to students at the end of each academic year provided the terms of the accommodation contract have been upheld. Any bond retained by the University is credited to the Consolidated and University Statements of Comprehensive Income at the end of the accommodation period as an income item.

Investment income is credited to the Consolidated and University Statements of Comprehensive Income on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Government grants including; funding council block grant; research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and the performance related conditions have been met.

Donations and Endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

There are four main types of donations and endowments within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. 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.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. 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.

Capital Grants

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**e. Accounting for retirement benefits**

There are five principal pension schemes for the University's staff, one of these schemes the Universities Superannuation Scheme (USS), is open to new members. The other four, Teachers' Pension; two local authority schemes (Swansea and Dyfed) and the University of Wales Lampeter Pension and Assurance Scheme are closed to new members from the University. The local authority schemes for Coleg Sir Gar and Coleg Ceredigion remain open to new member. The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS and Teachers' Pension schemes are multi-employer schemes for which it is not possible to identify the assets and liabilities applicable to University members due to the mutual nature of the schemes and therefore the schemes are accounted for as a defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Multi-Employer Schemes

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

f. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

g. Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**h. Operating Leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

i. Foreign Currency

The functional currency is £ Sterling. Transactions in foreign currencies are translated to £ sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

j. Fixed Assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Academic buildings	50 years
Residences	30 years
Laboratories and lecture theatres	30 years
Refurbishments	20 years

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than de-minimus of £5,000 per individual item or group of items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	4 years
Equipment acquired for specific research projects	3-5 years
Other Equipment	10 years
Motor Vehicles	4 years

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

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**k. Heritage Assets**

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

Works of Art are included at costs incurred from 1 April 1981 or subsequent revaluation. The latest revaluation of heritage assets was at 31 July 2014, where certain sections of heritage assets were deemed to have increased in value. A full revaluation review of the Works of Art is planned to take place the year ending 31 July 2022. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

l. Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated and University Statements of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

The review of the fair value of the investment properties is undertaken by Savills.

m. Investments

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

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less Impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated and University Statements of Comprehensive Income.

n. Stock

Stock is held at the lower of cost and net realisable value. Cost represents the invoice price of the stock.

o. Financial InstrumentsTrade and other debtors/creditors

Trade and other debtors and creditors are recognised initially at transaction price net of attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs less any impairment losses in the case of trade debtors.

Interest bearing borrowings

Interest-bearing borrowings other than public benefit entity concessionary loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Concessionary loans are recognised initially at the amount received or paid and subsequently measured at cost plus any accrued interest payable or receivable.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value

Derivative financial instruments

Derivative financial instruments are recognised at fair value.

The gain or loss on re-measurement to fair value is recognised immediately in income or expenditure.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**p. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a probable asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

q. Accounting for joint ventures and associates

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

The University accounts for its share of transactions from joint operations and jointly controlled assets within the Consolidated and University Statements of Comprehensive Income.

r. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

Several of the University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2022**s. Reserves**

Reserves are classified as restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

t. Accounting estimates and judgements – key sources of estimation uncertainty

In preparing the financial statements management have exercised judgment in the following areas

Defined benefit pension scheme assumptions

The University has a number of defined benefit pension schemes. The valuation of the liabilities on each defined benefit scheme is calculated using a financial and demographic model to present a single scenario from a wide range of possibilities. The schemes' actual experience will inevitably differ from the assumptions underlying the financial and demographic model. The differences may be material because the valuation is very sensitive to the assumptions made over a long period of time. Please see note 27 for assumptions used in the valuation of pension assets and liabilities

USS pension scheme assumptions

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet.

The provision is currently based on the USS deficit plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries. These contributions will be reassessed within each triennial valuation of the scheme.

The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount.

Further details are set out in note 27

NOTES TO THE ACCOUNTS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes pension contributions and compensation paid to key management personnel. Remuneration consists of salary and benefits including any employer's pension contributions.

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Key management personnel remuneration	1,164	1,049
	No.	No.
Key management personnel	9	8

The pay award offered by UCEA, applicable from August 2021 was 1.5% for all staff on the national pay spine. In addition to this as a Real Living Wage employer, the University enacted the increase to the National Living Wage, including where applicable the London weighting. Where eligible, staff were awarded progression pay increases in the usual manner.

7 Staff costs (continued)

	Year ended 31 July 2022	Year ended 31 July 2021
Average staff numbers by:		No.
Academic departments	736	698
Non-academic departments	1,026	960
	1,762	1,658

The above staff costs for key management personnel do not include the cost of key management that are employed by the University of Wales, but working across both institutions. These costs totalling £55k (2020: £55k) are included in other operating expenses as they are recharged by invoice from the University of Wales.

Restructuring Costs

The University accounts for restructuring costs in the period that the cost is incurred, where a restructuring plan has been communicated but not fully concluded at the Balance Sheet date and amounts due to be paid are recognised on the Balance Sheet and within the Statement of Comprehensive Income in the year that the plan was communicated.

The University accounts for restructuring costs in the period that the cost is incurred, where a restructuring plan has been communicated but not fully concluded at the Balance Sheet date and amounts due to be paid are recognised on the Balance Sheet and within the Statement of Comprehensive Income in the year that the plan was communicated.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Paid to employees on termination of employment	246	246	155	109

NOTES TO THE ACCOUNTS

Trustees

The University's Council members are the trustees for charitable law purposes. The trustees who served in the year, and up to the signing date of these financial statements are listed on page 1.

Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. Other than the expenses paid in the year referenced below there were no transactions in the year with any members.

No Council member has received any remuneration/waived payments from the group during the year (2021 - £nil).

The total expenses paid to or on behalf of 23 council members was £9K (2021: £9K to 23 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity.

7 Staff costs (continued)**Vice-Chancellor Remuneration Statement**

The ratio of the salary of the Vice Chancellor compared to the median average of the University is 6.79:1 and the ratio of the total remuneration of the Vice Chancellor compared to the median average of the University is 6.88:1

The Remuneration Committee noted the Vice Chancellor's current salary was below the average in the HEFCW comparator group and also noted the senior officers, including the Vice-Chancellor, had not received a pay increase for the last two years.

The Vice Chancellor is also Vice Chancellor of the University of Wales. 20% of the Vice Chancellor's emoluments are recharged to the University of Wales. The emoluments and ratios disclosed above represent 100% of the Vice Chancellor's emoluments.

The Vice Chancellor has a significant breadth of responsibility spanning Higher Education and Further Education. This includes the University of Wales Trinity St David, The University of Wales, Coleg Sir Gar and Coleg Ceredigion. Within UWTSd, there has been an expansion of responsibility in Birmingham and London. In recognition of all the relevant contextual information including the level of the sector pay award and the need to broadly maintain UWTSd's position amongst the comparators, the Vice-Chancellor was awarded a salary increase for 2021/2022. 100% of the Vice Chancellor's emoluments are disclosed in these accounts and do not take into account any recharge to the University of Wales.

The University Council is responsible for establishing a Standing Committee of the Council, known as the Remuneration Committee, to determine fair and appropriate remuneration for the Vice Chancellor, the Deputy Vice Chancellors, the Pro Vice Chancellors and the Clerk to the Council.

The Remuneration Committee is responsible for reviewing and determining on an annual basis the salaries, terms and conditions and, where appropriate the severance conditions of the above senior post-holders. The terms of reference are published on the University website ensuring these are available to staff, students and all stakeholders in an open and transparent manner: <https://www.uwtsd.ac.uk/governance-management/governance/>. The Committee membership includes a staff member of Council and a student member of Council. The Vice Chancellor is not a member.

The Remuneration Committee adheres to the Higher Education Senior Staff Remuneration Code, published by the CUC. Its deliberations take account of the context in which the institution operates. It considers the value delivered by an individual acting within a role based on relevant components for the UWTSd context. The Committee considers appropriate comparative information of other Universities to inform its decisions including the annual

NOTES TO THE ACCOUNTS

rate of increase of the average remuneration of all other staff. It also considers the Corporate Risk Register and a report on complaints made to the University by students, staff and external persons. The Committee makes every effort to ensure that all recommendations are fair and consider the institutional interest, key stakeholders and partners including the student community and wider society. The safeguarding of public funds also forms part of its deliberations.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs				
Finance leases	54	23	79	36
Loan interest	1,503	1,503	1,607	1,607
Net charge on pension schemes	1,088	588	1,249	698
Decrease in fair value of derivative	-	-	-	-
Other	136	135	190	179
	2,781	2,249	3,125	2,520

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of other operating expenses by activity				
Academic and related expenditure	35,868	19,948	32,205	19,667
Administration and central services	15,410	5,900	17,964	11,416
Premises	14,376	11,851	10,660	7,675
Residences, catering and conferences	1,382	716	1,184	838
Other expenses	5,906	3,445	4,142	2,046
	72,942	41,860	66,155	41,642

Other operating expenses include:

External auditor's remuneration in respect of audit services:

These financial statements	74	74	82	82
Other group financial statements	84	-	89	-

External auditor's remuneration in respect of non-audit services:

Audit related assurance services	33	33	67	67
Tax compliance services	-	-	-	-
Tax advisory services	20	-	22	22
Operating lease rentals	2,293	2,104	2,190	2,008

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Taxation				
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	12	-	12	-
Prior year adjustment	(3)	-	34	-
Current tax expense	9	-	46	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	9	-	46	-

NOTES TO THE ACCOUNTS

10 Taxation (continued)

Factors affecting the total tax charge for the current period

The tax assessed for the period relates to Eclectica Drindod Limited, , UWTSI Investments and Y Ganolfan Dysgu Cymraeg Genedlaethol and is higher than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained as follows:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
(Deficit)/Surplus before tax	(16,499)	(17,489)	7,134	6,208
Amounts not subject to tax	16,363	17,489	(7,069)	(6,208)
Taxable Profits	(136)	-	65	-
Tax at 19% (2020: 19%)	(25)	-	12	-
Effects of:				
Disallowable expenditure	37	-	-	-
Prior year adjustment	(3)	-	34	-
Total tax charged in the year	9	-	46	-

The standard rate of tax applied to reported profit is 19% (2021: 19%).

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 July 2022.

NOTES TO THE ACCOUNTS

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Livestock £'000	Totals £'000
11 Tangible fixed assets							
Consolidated							
Cost or valuation							
At 1 August 2021	197,358	3,736	18,532	20,780	168	372	240,946
Additions in the year	1,913	5,353	-	6,871	34	14	14,185
Transfers	23	(2,183)	-	2,160	-	-	-
Transfer from Investment Properties	713	-	-	-	-	-	713
Disposals	(17,254)	(966)	-	(1,640)	-	-	(19,860)
At 31 July 2022	182,753	5,940	18,532	28,171	202	386	235,984
Accumulated depreciation							
At 1 August 2021	67,211	-	4,390	15,949	148	-	87,698
Charge for the year	3,959	-	365	5,293	18	-	9,635
Disposals	(14,944)	-	-	(826)	-	-	(15,769)
At 31 July 2022	56,226	-	4,755	20,416	166	-	81,563
Net book value							
At 31 July 2022	126,527	5,940	13,777	7,755	36	386	154,421
At 31 July 2021	130,147	3,736	14,142	4,831	20	372	153,248

Land and buildings owned by Coleg Sir Gar were revalued in 1998 at depreciated replacement cost by Cooke & Arkwright, a firm of independent chartered surveyors. On adoption of FRS 102, revalued properties have been treated as deemed cost. The analysis of cost or valuation of the tangible fixed assets as at 31 July 2022 is as follows:

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Livestock £'000	Totals £'000
Cost or valuation							
Valuation in 1998	19,716	-	-	-	-	386	20,102
Cost	163,037	5,940	18,532	28,170	202	-	215,882
	182,753	5,940	18,532	28,170	202	386	235,984

NOTES TO THE ACCOUNTS

The University is actively pursuing the sale of land held within tangible fixed assets with a sale expected to complete within 12 months from the balance sheet date, Accordingly this land has been classified within assets held for sale on the Statement of Financial Position.

The analysis of cost and net book value of the tangible fixed assets at 31 July 2022 is as follows:

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Livestock £'000	Totals £'000
Cost or valuation							
Tangible fixed assets	180,796	5,940	18,532	28,171	202	386	234,027
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	182,753	5,940	18,532	28,171	202	386	235,984
Net book value							
Tangible fixed assets	124,570	5,940	13,777	7,755	36	386	152,464
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	126,527	5,940	13,777	7,755	36	386	154,421

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Livestock £'000	Totals £'000
11 Tangible fixed assets (continued)							
University							
Cost or valuation							
At 1 August 2021	128,777	3,232	18,532	6,621	169	-	157,331
Additions in the year	1,399	5,353	-	4,586	34	-	11,372
Transfers	23	(2,183)	-	2,160	-	-	-
Transfer from Investment Properties	713	-	-	-	-	-	713
Disposals	(17,198)	(966)	-	(1,220)	-	-	(19,384)
At 31 July 2022	113,714	5,436	18,532	12,147	203	-	150,032
Accumulated Depreciation							
At 1 August 2021	40,994	-	4,390	4,909	148	-	50,441
Charge for the year	2,471	-	365	3,261	18	-	6,115
Disposals	(14,888)	-	-	(407)	-	-	(15,295)
At 31 July 2022	28,577	-	4,755	7,763	166	-	41,261
Net book value							
At 31 July 2022	85,137	5,436	13,777	4,384	37	-	108,771
At 31 July 2021	87,783	3,232	14,142	1,712	21	-	106,889

NOTES TO THE ACCOUNTS

The University is actively pursuing the sale of land held within tangible fixed assets with a sale expected to complete within 12 months from the balance sheet date, and has accordingly been classified within assets held for sale on the Statement of Financial Position.

The analysis of cost and net book value of the tangible fixed assets at 31 July 2022 is as follows

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Livestock £'000	Totals £'000
Cost or valuation							
Tangible fixed assets	111,757	5,436	18,352	12,147	203	-	148,075
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	113,714	5,436	18,532	12,147	203	-	150,032
Net book value							
Tangible fixed assets	83,180	5,436	13,777	4,384	37	-	106,814
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	85,137	5,437	13,777	4,384	37	-	108,771

12 Heritage assets

Consolidated and University

The heritage assets include a collection of rare manuscripts, tracts, incunabula and printed books. The assets were formally revalued at 31st July 2014 by Bernard Quaritch Ltd, resulting in an increase in value of £250k.

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

The University's heritage assets are hosted in a specialist purpose built annexe to the library on the Lampeter Campus and are managed by 2 specialist, qualified members of staff. Where the assets require any preservation or conservation work, this is carried out by the National Library of Wales.

There have been no acquisitions or disposals of heritage assets within the last five years.

Details of the University's collection is available on the University's website:
<https://uwtsd.ac.uk/rbla/a-z-list-of-collections/>

NOTES TO THE ACCOUNTS

	Freehold Property Consolidated £'000	University £'000
13 Investment properties		
Balance at 1 August 2021	4,414	3,264
Disposals	(155)	(155)
Transfer to fixed assets	(713)	(713)
Revaluation	(27)	123
Balance at 31 July 2022	3,519	2,519

The Investment properties are valued by an independent RICS registered valuer on an annual basis with the latest valuation being dated 31st July 2022. The valuation basis for the investment properties is at fair value as defined under IFRS with an assumption that the properties selling value is subject to any existing leases. The revaluation amount recognised in 2022 relates to revaluing the investment properties to fair value in line with a valuation prepared by Savilles.

The University has no restriction of use on the income generated from the investment properties and at 31 July 2022 has no contractual obligations for future development or maintenance of the properties.

	Interest in Joint Venture (Note 15) £'000	Other fixed asset investments £'000	Total £'000
14 Non-current investments			
Consolidated			
At 1 August 2021	721	303	1,024
Additions	-	-	-
Disposals	-	-	-
At 31 July 2022	721	303	1,024
Share of post-acquisition reserves			
At 1 August 2021	(236)	-	(236)
Retained profit less losses	19	-	19
At 31 July 2022	(217)	-	(217)
Balance at 31 July 2022	504	303	807
Balance at 31 July 2021	485	303	788

14 Non-current investments (continued)

	Investment in Subsidiary £'000	Total £'000
University		
At 1 August 2021	-	-
Additions	-	-
Disposals	-	-
Impairment	-	-
At 31 July 2022	-	-

NOTES TO THE ACCOUNTS

15 Investment in joint venture

One of the University's subsidiaries, UWTSI Investments Limited, holds a 50% share of OSTC TSD LLP, a limited liability partnership. This is a joint venture owned equally by UWTSI Investments Limited and OSTC, a Commercial Company. The investment in OSTC TSD LLP is partly in share capital (£300,000 (2021: £300,000)) and partly as an unsecured loan, repayable on demand, with an interest rate of 4% over base rate (£420,978 (2021: £420,978)). The increase is way of accrued interest earned in the period of £18,952 (2021: £17,268)).

The arrangement is treated as a joint venture and is accounted for using the equity method, such that the investment is initially recorded at cost and is subsequently adjusted to reflect the University's 50% share of the net profit or loss of the joint venture. The Group's share of the operating loss of the joint venture within the joint venture's most recent financial statements (dated 31 December 2020) is £nil (2020: £nil). The Group's interest in the joint venture is £485,268 (2020: £468,000), consisting of the loan as disclosed above, plus capital investment in its consolidated balance sheet.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Stock				
Finished goods	516	281	476	317
Livestock for resale	11	-	11	-
	527	281	487	317

Stock is valued at the lower of its cost and net realisable value on a FIFO basis.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Trade and other receivables				
Amounts falling due within one year:				
Trade debtors	26,495	25,958	20,326	19,985
Prepayments and accrued income	7,490	3,583	6,091	3,199
Amounts due from subsidiary companies	-	11,065	-	10,506
Derivatives	666	666	-	-
	34,651	41,272	26,417	33,690

The amounts due from subsidiaries are an aggregate of trading balances that are interest free and repayable on demand. The University has provided letters of support to its subsidiary companies in which it confirms that the debtor balances will not be called in during a period of 12 months from the Statement of Financial Position date. Accordingly these balances are considered to fall due in more than one year. Applying this gives the following split of trade and other receivables.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Trade and other receivables (continued)				
Trade and other receivables				
Due within one year	34,651	30,207	26,417	23,184
Due after one year	-	11,065	-	10,506
Total	34,651	41,272	26,417	33,690

The derivatives relate to an interest rate swap contract which is used to fix the rate of the University's loan at 1.435% plus bank lending margin. This is held at fair value and has been valued using mark to market. At July 2021 the derivative was recorded as a liability and disclosed under note 19.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
18 Investments				
Short term investment in shares	5,902	5,901	5,860	5,857
Short term deposits	15	-	15	-
	5,917	5,901	5,875	5,857

The University follows a conservative investment policy with an emphasis on obtaining an increase in the real capital value of each fund within the portfolio each year, a target of 5% real growth is expected, with 3.5% being income growth and 1.5% being capital growth.

The investments are held within the University and consolidated endowment funds. The movement in fair value on these investments is detailed in Note 21.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
19 Creditors: amounts falling due within one year				
Amounts due on land purchase	2,181	2,181	2,880	2,880
Secured loans (note 20)	2,347	2,347	2,274	2,274
Obligations under finance leases (note 20)	823	613	590	311
Trade creditors	15,467	13,766	8,960	7,285
Social security and other taxation payable	1,955	1,497	1,672	1,249
Accruals and deferred income	46,081	35,728	46,271	37,576
Amounts due to subsidiary companies	-	9,743	-	10,005
Derivatives	-	-	898	898
	68,854	65,875	63,545	62,478

The amounts due to subsidiaries are an aggregate of trading balances that are interest free and repayable on demand.

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Funding Body Grants	1,866	1,866	2,847	2,847
Other Grant Income	4,563	4,563	4,064	2,881
Student Income	20,096	20,096	16,214	16,214
Other Income	2,860	2,803	2,891	2,834
	29,385	29,328	26,016	24,776

NOTES TO THE ACCOUNTS

The amount due on the land purchase is an amount due to Welsh Government that is payable on the completion of sale of the land to a third party. This creditor arose as a deferred payment on the initial purchase of the land. Both the completion of the land sale and subsequent payment to Welsh Government have been delayed due to Covid-19 related issues and are due to be completed in 2022/23.

The derivatives relate to an interest rate swap contract which is used to fix the rate of the University's loan at 1.435% plus bank lending margin. This is held at fair value and has been valued using mark to market. At 31 July 2022 the derivative was recorded as an asset and disclosed under note 17

19 Creditors due within one year (continued)

The university held an unsecured loan from Carmarthenshire County Council at 31st July 2020 representing an advance on cash receipts in relation to the final award of outstanding City Deal grant funding (£3million). During the year the grant income was confirmed. The loan was repaid to Carmarthenshire County Council in March 2021 with the grant income awarded being recognised in its place

The secured loan consists of a capital amount of £2 million and accrued interest of £347k. A capital payment of £500k was due on the 1st August 2022 with subsequent £500k repayments being due 1st November 2022 on 1st February 2023 and 1st April 2023.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
20 Creditors: amounts falling due after more than one year				
Obligations under finance leases	529	366	677	306
Secured loans	32,000	32,000	34,000	34,000
	32,529	32,366	34,677	34,306
The unsecured loan is held in UW Centre for Advanced Batch Manufacture and is due to University of Wales				
Analysis of obligations under finance leases				
Due within one year (note 18)	823	613	590	311
Due between two and five years	529	366	677	306
Total obligations under finance leases	1,352	979	1,267	617
Analysis of secured loans:				
Due within one year or on demand (note 18)	2,347	2,347	2,274	2,274
Due between one and two years	2,000	2,000	2,000	2,000
Due between two and five years	30,000	30,000	32,000	32,000
Due in five years or more				
Total secured loans	34,347	34,347	36,274	36,274

The borrowing at 31 July 2022 and 31 July 2021 consisted of

Lender	Instrument	Amount £'000	Term	Interest Rate %	Borrower
HSBC	Term loan	38,000	To 2024	3.785%	University

NOTES TO THE ACCOUNTS

	Other £'000	Pension enhancements on termination £'000	Pension scheme rectification £'000	Total provisions £'000
21 Provision for liabilities				
Consolidated				
At 1 August 2021	448	2,124	38	2,610
Utilised in year	-	(297)	-	(297)
Additions in year	-	(58)	-	(58)
At 31 July 2022	448	1,769	38	2,255

The other provision of £448K relates to a potential repayment of European Funds (ESF) in relation to one of the subsidiaries' overhead recovery methodology.

The pension enhancements provision relates to staff in both the University and its subsidiaries who have already left employment and commitments for reorganisation costs at the balance sheet date. The provision has been recalculated in accordance with the latest LSC circular.

The Pension rectification provision is a potential liability on the University's in-house pension scheme.

	Pension enhancements on termination £'000	Pension scheme rectification £'000	Total provisions £'000
Provision for liabilities			
University			
At 1 August 2021	1,073	38	1,111
Utilised in year	(212)	-	(212)
Additions in year	-	-	-
At 31 July 2022	861	38	899

The pension enhancements and the pension rectification provisions are as previously stated.

NOTES TO THE ACCOUNTS

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	Restricted expendable endowment £'000	2022 Total £'000	2021 Total £'000
22 Endowment funds					
Consolidated					
Restricted net assets relating to endowments are as follows:					
Balance at 1 August					
Capital	1,157	5,387	25	6,569	5,409
Accumulated income	45	2,425	-	2,470	2,264
	<u>1,202</u>	<u>7,812</u>	<u>25</u>	<u>9,039</u>	<u>7,673</u>
New endowments	1,343	-	-	1,343	-
Investment income	1	299	-	300	224
Expenditure	-	(269)	-	(269)	(22)
Increase/(decrease) in market value of investments	4	(121)	-	(117)	1,164
Total endowment comprehensive income for the year	1,348	(91)	-	1,257	1,366
Balance at 31 July	2,550	7,721	25	10,296	9,039
Represented by:					
Capital	2,500	5,266	25	7,791	6,569
Accumulated income	50	2,455	-	2,505	2,470
	<u>2,550</u>	<u>7,721</u>	<u>25</u>	<u>10,296</u>	<u>9,039</u>
Analysis by type of purpose:					
Lectureships	-	4,146	-	4,146	4,146
Fellowships, scholarships and prize funds	23	1,830	25	1,878	1,878
General	2,527	1,745	-	4,272	3,015
	<u>2,550</u>	<u>7,721</u>	<u>25</u>	<u>10,296</u>	<u>9,039</u>
Analysis by asset					
Investments	25	5,715	25	5,765	5,882
Cash	2,525	2,101	-	4,626	3,249
Creditors	-	(95)	-	(95)	(92)
	<u>2,550</u>	<u>7,721</u>	<u>25</u>	<u>10,296</u>	<u>9,039</u>

NOTES TO THE ACCOUNTS

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	2022 Total £'000	2021 Total £'000
22 Endowment funds (continued)				
University				
Restricted net assets relating to endowments are as follows:				
Balance at 1 August				
Capital	1,027	5,221	6,248	5,013
Accumulated income	2	2,340	2,342	2,220
	<u>1,029</u>	<u>7,561</u>	<u>8,590</u>	<u>7,233</u>
New endowments	1,343	-	1,343	-
Investment income	1	299	300	2,244
Expenditure	-	(269)	(269)	(22)
Increase/(decrease) in market value of investments	-	(121)	(121)	1,155
Total endowment comprehensive income for the year	1,344	(91)	1,253	1,357
Balance at 31 July	2,373	7,470	9,843	8,590
Represented by:				
Capital	2,370	5,101	7,471	6,168
Accumulated income	3	2,369	2,372	2,422
	<u>2,373</u>	<u>7,470</u>	<u>9,843</u>	<u>8,590</u>
Analysis by type of purpose:				
Lectureships	-	3,995	3,995	4,146
Fellowships, scholarships and prize funds	-	1,807	1,807	1,794
General	2,373	1,668	4,041	2,650
	<u>2,373</u>	<u>7,470</u>	<u>9,843</u>	<u>8,590</u>
Analysis by asset				
Investments	25	5,711	5,736	5,856
Cash	2,348	1,854	4,202	2,826
Creditors	-	(95)	(95)	(92)
	<u>2,373</u>	<u>7,470</u>	<u>9,843</u>	<u>8,590</u>

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
23 Capital and other commitments				
Provision has not been made for the following capital commitments at 31 July 2022				
Commitments contracted for	-	-	-	-
Commitments authorised	23,067	23,067	-	-
	<u>23,067</u>	<u>23,067</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

	Land and buildings £'000	At 31 July 2022 Other leases £'000	Total £'000	At 31 July 2021 Total £'000
24 Lease obligations				
Consolidated				
Total rentals payable under operating leases: Payable during the year	2,106	187	2,293	2,190
Future minimum lease payments due:				
Not later than 1 year	2,581	90	2,671	2,086
Later than 1 year and not later 5 years	3,483	139	3,622	3,929
Greater than 5 years	3,236	-	3,236	1,858
Total lease payments due	9,300	229	9,529	7,873
University				
Total rentals payable under operating leases: Payable during the year	2,071	33	2,104	2,008
Future minimum lease payments due:				
Not later than 1 year	2,551	33	2,584	1,997
Later than 1 year and not later 5 years	3,467	27	3,494	3,810
Greater than 5 years	3,236	-	3,236	1,858
Total lease payments due	9,254	60	9,314	7,665

25 Subsidiary undertakings

Company	Principal Activity	Status
Eclectica Drindod Limited	Deliver third mission activity	TUC sole member
Trinity College	Hold endowment assets	TUC sole trustee
Trinity University College (TUC)	Dormant	UWTSD sole member
UWTSD Investments Limited	Commercial activities	100% owned
Y Ganolfan Dysgu Cymraeg Genedlaethol	Delivery of Welsh for Adults programme	UWTSD sole member
UWTSD Learning Centres Limited	Dormant	100% owned
Mentrau Creadigol Cymru	Operation of Yr Egin activities	100% owned
Tidal Lagoon Academy Ltd	Dormant	100% owned
Welsh American Academy Enterprises Limited	Dormant	100% owned
Inspire (UWTSD) Limited	Dormant	100% owned
Swansea Business School Limited	Dormant	100% owned
Coleg Sir Gar	Further education	100% owned
Coleg Ceredigion	Further education	100% owned
UW Centre for Advance Batch Manufacture Limited	Commercial and research activities	51% owned

The minority interest in UW Centre for Advance Batch Manufacture Limited is held in University of Wales. 51% of the surplus or deficit for each accounting period is recognised in these financial statements with 49% being recognised in the financial statements of University of Wales.

NOTES TO THE ACCOUNTS

26 Related Parties

The company has taken advantage of the disclosure exemptions of 100% owned related party transactions under FRS102. The transactions with related parties that are not 100% owned by the group are disclosed below:

University of Wales is deemed a related party in that it has key management personnel in common with the University

Balances: Receivables £3,829 (2021: £2,433), Payables £1,229,253 (2021: £nil)

Total income £43,402 (2021: £17), Total expenditure £846,601 (2021: £115,087)

University of Wales Press is a wholly owned subsidiary of the University of Wales

Balances: Receivables £nil (2021: £nil), Payables £37,529 (2021: £nil)

Total income £nil (2021: £nil), Total expenditure £37,529 (2021: £1,580)

OSTC Trinity St David LLP is deemed a related party in that the UWTSD Investments Limited (a wholly owned subsidiary of the University) is a partner in it and has significant influence over it. The balance below represents an unsecured loan, for which more details are provided in note 14

Balances: Receivables £485,268 (2021: £438,246), Payables £nil (2021: £nil)

Total income £18,952 (2021: £17,268), Total expenditure £nil (2021: £nil)

The University maintains a register of Council member interests, the scope of which includes interests of connected persons to the members. There have been no transactions in the year with any individual or company on the Register of Interests.

Payments to Council members in relation to their duties are disclosed in note 7.

NOTES TO THE ACCOUNTS

27 Pension schemes

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

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

The total pension costs included in the consolidated accounts are:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff costs				
TPS contributions				
University of Wales: Trinity Saint David	1,148	1,148	1,276	1,276
Coleg Sir Gar	2,216	-	2,097	-
Coleg Ceredigion	-	-	429	-
USS contributions				
University of Wales: Trinity Saint David	6,223	6,223	5,125	5,125
Local Government contributions				
University of Wales Trinity Saint David	1,962	1,962	1,970	1,970
Coleg Sir Gar	1,454	-	1,310	-
Coleg Ceredigion	229	-	215	-
In House Scheme				
University of Wales Trinity Saint David	319	319	334	334
Other pension adjustments				
University of Wales Trinity Saint David				
Movement on USS provision	23,271	23,271	2,618	2,618
Service costs				
Coleg Sir Gar	2,353	-	2,220	-
Coleg Ceredigion	371	-	405	-
Restructuring Provision				
University of Wales Trinity Saint David	-	-	-	-
Coleg Sir Gar	(78)	-	45	-
Coleg Ceredigion	(23)	-	24	-
Total Pension costs per note 7	39,445	32,923	18,068	11,323
Interest Costs				
Local Government – University	422	422	526	526
Local Government – Coleg Sir Gar	433	-	470	-
Local Government – Coleg Ceredigion	67	-	81	-
In House Scheme – University	51	51	96	96
USS – University	115	115	76	76
Total Pension interest cost per note 7	1,088	588	1,249	698

NOTES TO THE ACCOUNTS

27 Pension schemes (continued)

The pension liability disclosed in the balance sheet is summarised as follows:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
In House Scheme				
University of Wales: Trinity Saint David	-	-	3,329	3,329
USS Pension Scheme				
University of Wales: Trinity Saint David	36,551	36,551	13,166	13,166
Local Government Schemes				
University of Wales: Trinity Saint David	-	-	14,510	14,510
University of Wales: Trinity Saint David	2,224	2,224	11,497	11,497
Coleg Sir Gar	8,214	-	27,681	-
Coleg Ceredigion	824	-	4,353	-
Liability at 31 July	47,813	38,775	74,536	42,502

The In House scheme and Local Government Scheme (Swansea) are in a technical surplus position at 31st July 2022. The University does not recognise pension assets and the balances are stated at nil.

This has reduced the actuarial gain recognised in the Statement of Comprehensive Income as shown below.

	FRS102 Actuarial Gain £'000	Recognised Actuarial Gain £'000	FRS 102 (Liability)/Asset £'000	Recognised (Liability)/Asset £'000
In House Scheme	4,345	3,214	1,131	-
Local Government Scheme (Swansea)	18,560	14,690	3,870	-
Local Government Scheme (Dyfed)	9,914	9,914	(2,224)	(2,224)
Total (University)	32,819	27,818	2,777	(2,224)

The Local Government schemes recognised in Coleg Sir Gar and Coleg Ceredigion remain in a deficit position at 31 July 2022 with no restriction in the actuarial gain posted for these liabilities.

LGPS

Dyfed Scheme

Certain employees are members of the Dyfed Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary.

A full actuarial valuation of the scheme was carried out as at 31 March 2019 by a qualified independent actuary. The major assumptions used by the actuary were:

	2019 Valuation %	2016 Valuation %
Rate of increase in pensionable pay	3.9	3.7
Rate of increase in pensions in payment	2.4	2.2
Discount rate		
- in service	4.1	4.4
- left service	4.1	4.4
Inflation assumptions	2.4	2.2

NOTES TO THE ACCOUNTS

The valuation states that the market value of the assets held at the valuation date amounted to £2,576 million and the present value of the scheme liabilities was £2,444 million. Representing a funding level of 105% and a surplus of £1,322 million.

The employer contribution rate was 22% during the year.

LGPS (continued)
Dyfed Scheme (continued)
FRS102 disclosure

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2019 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2022. The projected unit method was used.

	2022	2021
	%	%
Rate of increase in salaries	4.2	4.1
Rate of increase in pensions	2.8	2.7
Discount rate	3.5	1.6
Rate of inflation	2.7	2.6

The mortality assumptions are based on the recent actual mortality experience of members in the Fund and allow for future expected mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below

	2022	2021
Males		
Future lifetime from age 65 (currently aged 65)	23.0	23.1
Future lifetime from age 65 (currently aged 45)	24.4	24.7
Females		
Future lifetime from age 65 (currently aged 65)	24.9	25.0
Future lifetime from age 65 (currently aged 45)	27.1	27.2
	Split at	Split at
	31 July 2022	31 July 2021
	%	%
Split of scheme assets		
Equities	70.4	75.0
Government Bonds	1.4	1.8
Other Bonds	7.3	8.2
Property	15.8	10.4
Cash/liquidity	5.1	4.6
	100	100

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – University of Wales: Trinity Saint David

The following amounts at 31 July 2022 and 31 July 2021 were measured in accordance with the requirements of FRS102

	31 July 2022	31 July 2021
	£'000	£'000
Fair value of assets	27,371	27,685
Present value of scheme liabilities	(29,595)	(39,182)
Deficit in the scheme	(2,224)	(11,497)

	31 July 2022	31 July 2021
	£'000	£'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(883)	(895)
Past service cost	-	-
Administration expenses	(8)	(8)
Curtailement	-	-
Total operating charge	(891)	(903)

LGPS Dyfed Scheme – University of Wales: Trinity Saint David (continued)

	31 July 2022	31 July 2021
	£'000	£'000
Analysis of finance income and charges		
Expected return on assets	442	364
Interest on pension liabilities	(624)	(580)
Net finance cost	(182)	(216)

	31 July 2022	31 July 2021
	£'000	£'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	(691)	4,563
Effects of changes in assumptions underlying the present value of scheme liabilities	10,605	(1,669)
	9,914	2,894

	31 July 2022	31 July 2021
	£'000	£'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(11,497)	(13,734)
Current service cost	(891)	(903)
Contributions paid by the employer	432	462
Net finance cost	(182)	(216)
Actuarial gain/(loss)	9,914	2,894
Deficit in scheme at the end of the year	(2,224)	(11,497)

	31 July 2022	31 July 2021
	£'000	£'000

NOTES TO THE ACCOUNTS

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

<u>At 1 August</u>	(39,182)	(36,494)
Current service cost	(883)	(895)
Past service cost	-	-
Interest cost	(624)	(580)
Member contributions	(131)	(140)
Actuarial gain/(losses)	10,605	(1,669)
Curtailment	-	-
Benefits paid	620	596
<u>At 31 July</u>	(29,595)	(39,182)

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

<u>At 1 August</u>	27,685	22,760
Expected rate of return on scheme assets	442	364
Re measurement gains on assets	(691)	4,563
Administration expenses	(8)	(8)
Employer contributions	432	462
Members contributions	131	140
Benefits paid	(620)	(596)
<u>At 31 July</u>	27,371	27,685

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Sir Gar

The following amounts at 31 July 2022 and 31 July 2021 were measured in accordance with the requirements of FRS102

	31 July 2022	31 July 2021
	£'000	£'000
Fair value of assets	54,837	54,821
Present value of scheme liabilities	(63,051)	(82,502)
Deficit in the scheme	(8,214)	(27,681)

	31 July 2022	31 July 2021
	£'000	£'000

Analysis of amount charged in Statement of Comprehensive Income

Current service cost	(3,403)	(3,090)
Past service cost	-	-
Administration expenses	(29)	(28)
Curtailment	-	-
Total operating charge	(3,432)	(3,118)

	31 July 2022	31 July 2021
	£'000	£'000

Analysis of finance income and charges

Expected return on assets	881	729
Interest on pension liabilities	(1,314)	(1,199)
Net finance cost	(433)	(470)

	31 July 2022	31 July 2021
	£'000	£'000

Amount recognised in other comprehensive income

Difference between actual and expected return on scheme assets	(1,376)	8,175
Effects of changes in assumptions underlying the present value of scheme liabilities	23,196	(3,549)
	21,820	4,626

	31 July 2022	31 July 2021
	£'000	£'000

Movement in scheme at beginning of the year

Deficit in scheme at beginning of the year	(27,681)	(30,087)
Operating cost	(3,432)	(3,118)
Contributions paid by the employer	1,512	1,368
Net finance cost	(433)	(470)
Actuarial gain/(loss)	21,820	4,626
Deficit in scheme at the end of the year	(8,214)	(27,681)

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Sir Gar (continued)

	31 July 2022 £'000	31 July 2021 £'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(82,502)	(75,281)
Current service cost	(3,403)	(3,090)
Past service cost	-	-
Interest cost	(1,314)	(1,199)
Member contributions	(454)	(446)
Actuarial gain/(losses)	23,196	(3,549)
Curtailment	-	-
Benefits paid	1,426	1,063
At 31 July	(63,051)	(82,502)
Analysis of the movement in the present value of the scheme assets		
At 1 August	54,821	45,194
Expected rate of return on scheme assets	881	729
Re measurement gains on assets	(1,376)	8,175
Administration expenses	(29)	(28)
Employer contributions	1,512	1,368
Members contributions	454	446
Benefits paid	(1,426)	(1,063)
At 31 July	54,837	54,821

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Ceredigion

The following amounts at 31 July 2022 and 31 July 2021 were measured in accordance with the requirements of FRS102

	31 July 2022 £'000	31 July 2021 £'000
Fair value of assets	12,282	12,504
Present value of scheme liabilities	(13,106)	(16,857)
Deficit in the scheme	(824)	(4,353)
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(530)	(536)
Past service cost	-	-
Administration expenses	(5)	(5)
Curtailment	-	-
Total operating charge	(535)	(541)
Analysis of finance income and charges		
Expected return on assets	199	167
Interest on pension liabilities	(266)	(248)
Net finance cost	(67)	(81)
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	199	167
Effects of changes in assumptions underlying the present value of scheme liabilities	3,701	1,084
	3,900	1,251
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(4,353)	(5,199)
Operating cost	(535)	(541)
Contributions paid by the employer	231	217
Net finance cost	(67)	(81)
Actuarial gain/(loss)	3,900	1,251
Deficit in scheme at the end of the year	(824)	(4,353)

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Ceredigion (continued)

	31 July 2022 £'000	31 July 2021 £'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(16,857)	(15,663)
Current service cost	(530)	(536)
Past service cost	-	-
Interest cost	(266)	(248)
Member contributions	(69)	(75)
Actuarial gain/(losses)	4,211	(627)
Curtailment	-	-
Benefits paid	405	292
At 31 July	(13,106)	(16,857)
Analysis of the movement in the present value of the scheme assets		
At 1 August	12,504	10,464
Expected rate of return on scheme assets	199	167
Re measurement gains on assets	(311)	1,878
Administration expenses	231	(5)
Employer contributions	(5)	217
Members contributions	69	75
Benefits paid	(405)	(292)
At 31 July	12,282	12,504

NOTES TO THE ACCOUNTS

LGPS

Swansea Scheme

Certain employees are members of the City and County of Swansea Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary. The latest actuarial valuation was undertaken at 31 March 2019 by independent actuaries.

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

	2019 Valuation %	2016 Valuation %
Rate of increase in pensionable pay	3.6	3.5
Rate of increase in pensions in payment	2.1	2.0
Discount rate:		
- in service	4.25	4.6
- left service	1.6	4.6
Inflation assumptions	2.1	2.0

The valuation states that the market value of the assets held at the valuation date amounted to £2,044 million and the present value of the scheme liabilities was £2,103 million. Representing a funding level of 98% and a deficit of £59 million.

The employer contribution rate is 37.1% plus an annual deficit contribution of £544,600 payable from April 2021 to March 2022 rising to 37.1% and £640,800 in for the period April 2022 to March 2023

The independent actuary bases the expected salary increases in the model on the CPI figure from the previous September. During the period of September 2021 to July 2022 the UK inflation rate has risen rapidly leading to a c.9% increase in the CPI index between these dates.

The actuary has recognised an experience item in their valuation at 31st July 2022 in respect of expected increases to pensions which are due to be granted at 1 April 2023, based on the 2023 Pension Increase Order.

The recognition of the increased inflation rate has decreased the surplus reported under FRS102 by £2.2 million. As the University has not recognised the surplus there is no impact to the reported actuarial gain in the statement of comprehensive income

FRS102 disclosure

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2019 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2022. The projected unit method was used.

	2022 %	2021 %
Rate of increase in salaries	4.1	4.1
Rate of increase in pensions	2.6	2.6
Discount rate	3.5	1.7
Rate of inflation	2.6	2.6

The mortality assumptions are based on the recent actual mortality experience of members in the Fund and allow for future expected mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below:

	2022	2021
Males		
Future lifetime from age 65 (currently aged 65)	22.1	22.3
Future lifetime from age 65 (currently aged 45)	23.2	23.3
Females		
Future lifetime from age 65 (currently aged 65)	24.2	24.3
Future lifetime from age 65 (currently aged 45)	25.7	25.8

NOTES TO THE ACCOUNTS

LGPS Swansea Scheme – University of Wales: Trinity Saint David (continued)

	Split at 31 July 2022 %	Split at 31 July 2021 %
Split of scheme assets		
Equities	78.0	78.4
Government Bonds	3.4	3.9
Other Bonds	0.6	7.1
Property	3.7	3.7
Cash/liquidity	1.1	1.7
Other*	13.2	5.2
	100	100

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

The following amounts at 31 July 2022 and 31 July 2021 were measured in accordance with the requirements of FRS102

	31 July 2022 £'000	31 July 2021 £'000
Fair value of assets	47,350	45,200
Present value of scheme liabilities	(43,480)	(59,710)
Deficit in the scheme	3,870	(14,510)

	31 July 2022 £'000	31 July 2021 £'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	1,480	1,510
Past service cost	-	-
Administration expenses	-	-
Curtailement	-	-
Total operating charge	1,480	1,510

	31 July 2022 £'000	31 July 2021 £'000
Analysis of finance income and charges		
Expected return on assets	770	510
Interest on pension liabilities	(1,010)	(200)
Net finance cost	(240)	310

	31 July 2022 £'000	31 July 2021 £'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	870	8,220
Effects of changes in assumptions underlying the present value of scheme liabilities	17,690	800
	18,560	9,020

NOTES TO THE ACCOUNTS

LGPS Swansea Scheme – University of Wales: Trinity Saint David (continued)

	31 July 2022 £'000	31 July 2021 £'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(14,510)	(23,230)
Current service cost	(1,480)	(1,510)
Contributions paid by the employer	1,540	1,520
Net finance cost	(240)	(310)
Actuarial gain/(loss)	18,560	9,020
Deficit in scheme at the end of the year	3,870	(14,510)

	31 July 2022 £'000	31 July 2021 £'000
Analysis of the movement in the present value of the scheme liabilities		
<u>At 1 August</u>	(59,710)	(59,020)
Current service cost	(1,480)	(1,510)
Past service cost	-	-
Interest cost	(1,010)	(820)
Member contributions	(170)	(170)
Actuarial gain/(losses)	17,690	800
Curtailement	-	-
Benefits paid	1,200	1,010
<u>At 31 July</u>	(43,480)	(59,710)

	31 July 2022 £'000	31 July 2021 £'000
Analysis of the movement in the present value of the scheme assets		
<u>At 1 August</u>	45,200	35,790
Expected rate of return on scheme assets	770	510
Re measurement gains on assets	870	8,220
Administration expenses	-	-
Employer contributions	1,540	1,520
Members contributions	170	170
Benefits paid	(1,200)	(1,010)
<u>At 31 July</u>	47,350	45,200

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPAAS)

The University sponsors the University of Wales, Lampeter Pension & Assurance Scheme which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities.

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

A full actuarial valuation was carried out as at 31 July 2017, the results have been updated to 31 July 2020 by a qualified actuary, independent of the plan's sponsoring employer.

The results of the 31 July 2017 valuation showed a deficit of £1,981,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 10 years from 1 August 2017 by the payment of monthly contributions of £10,017 from 1st August 2018 to 31st July 2019 and then £20,583 from 1st August 2019, increasing at 3% per annum in respect of the deficit. In addition and in accordance with the actuarial valuation, the University has agreed with the trustees that it will pay 25.3% of pensionable earnings in respect of the cost of accruing benefits. The University will also meet expenses of the scheme and levies to the Pension Protection Fund, insurance premiums for death in service and all management and administration expenses. Member contributions are payable at the rate of 6.25% of pensionable service.

The material assumptions used by the actuary as at 31 July 2022 and for the comparative period, were as follows:

	2022	2021
	%	%
Rate of increase in salaries	4.1	4.3
Rate of increase in pensions in payment	2.6	2.8
Revaluation rate for deferred pensions	2.5	2.5
Discount rate	3.5	1.6
Rate of inflation	2.2	2.4
Allowance for commutation of pension for cash at retirement	Maximum allowed	Maximum allowed

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

	2022	2021
Males retiring at age 65 in 2020	21.0 years	20.9 years
Females retiring at age 65 in 2020	22.9 years	22.9 years
Males retiring at age 65 in 2040	22.3 years	22.3 years
Females retiring at age 65 in 2040	24.5 years	24.4 years

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPS) (continued)

	Split at 31 July 2022 %	Split at 31 July 2021 %
Split of scheme assets		
Equities	40.9	39.6
Bonds	48.6	50.3
Other	10.5	10.1
	<u>100</u>	<u>100</u>

The following amounts at 31 July 2020, 31 July 2019 and at 31 July 2018 were measured in accordance with the requirements of FRS102

	31 July 2022 £'000	31 July 2021 £'000
Fair value of assets	21,488	23,809
Present value of scheme liabilities	(19,610)	(27,138)
Deficit in the scheme	1,878	(3,329)
Effect of asset ceiling	(747)	-
Surplus/(Deficit) in the scheme	<u>1,131</u>	<u>(3,329)</u>

	31 July 2022 £'000	31 July 2021 £'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(152)	(151)
Past service cost	-	-
Administration expenses	-	-
Curtailement	-	-
Total operating charge	<u>(152)</u>	<u>(151)</u>

	31 July 2022 £'000	31 July 2021 £'000
Analysis of finance income and charges		
Expected rate of return on scheme assets	379	326
Interest on pension liabilities	(430)	(422)
Net finance cost	<u>(51)</u>	<u>(96)</u>

	31 July 2022 £'000	31 July 2021 £'000
Amount recognised in other comprehensive income		
Return on plan assets – gain	(2,481)	1,890
Experienced gains/(losses) arising on plan liabilities	(717)	1,042
Change in financial and demographic assumptions underlying the plan	8,290	157
Effect of asset ceiling	(747)	-
Total loss recognised in the statement of comprehensive income	<u>4,345</u>	<u>3,089</u>

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPS) (continued)

	31 July 2022 £'000	31 July 2021 £'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(3,329)	(6,511)
Current service cost	(152)	(151)
Contributions paid by the employer	318	340
Net finance cost	(51)	(96)
Expenses	-	-
Losses due to benefit changes	-	-
Actuarial gain/(loss)	4,345	3,089
Deficit in scheme at the end of the year	<u>1,131</u>	<u>(3,329)</u>
	31 July 2022 £'000	31 July 2021 £'000
Analysis of the movement in the present value of the scheme liabilities		
<u>At 1 August</u>	(27,138)	(28,457)
Current service cost	(152)	(151)
Past service cost	-	-
Interest cost	(430)	(422)
Member contributions	(22)	(19)
Actuarial gain/(losses)	7,573	1,199
Curtailement	-	-
Benefits paid	559	712
Expenses	-	-
Losses due to benefit changes	-	-
<u>At 31 July</u>	<u>(19,610)</u>	<u>(27,138)</u>
Analysis of the movement in the present value of the scheme assets		
<u>At 1 August</u>	23,809	21,946
Expected rate of return on scheme assets	379	326
Re measurement gains on assets	(2,481)	1,890
Administration expenses	-	-
Employer contributions	318	340
Members contributions	22	19
Benefits paid	(559)	(712)
<u>At 31 July</u>	<u>21,488</u>	<u>23,809</u>

NOTES TO THE ACCOUNTS

Teachers' Pension Scheme

This report sets out the results of the actuarial valuation of the combination of the Teachers' Pension Scheme ('pre 2015 Scheme') 6 and the 2015 Teachers' Pension Scheme ('2015 Scheme') 7 (Teachers' Pension Scheme or 'the Scheme'). The Scheme provides pensions and other benefits to teachers who have worked in schools or other educational establishments in England and Wales. The Scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. The Scheme is financed by payments from the employer and from those current employees who are members of the Scheme, who pay contributions at different rates based on pay and as specified in the regulations

The latest actuarial valuation of the scheme was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employers Cost Cap) Directions 2014. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme on 9 June 2014. The GA concluded that:

- at the date of the valuation, the liabilities in the scheme were £196.1 bn and the value of the assets was £218.1 bn giving a notional past service deficit of £22 bn;
- the total recommended rate of contribution payable by employers from 1 September 2019 is 23.6 % (previously 16.4%) of salary; and

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2012 valuation, are shown below:

Last actuarial valuation Actuarial method	31 March 2016 Prospective benefits	31 March 2012 Prospective benefits
Discount rate		
- Real	2.40%	3.00%
- Nominal	4.45%	5.06%
Pensions increases	2.00%	2.00%
Long term salary growth	4.20%	4.75%
- <u>In excess of assumed</u>	2.20%	2.75%

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the University an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out above the information on the scheme and the implication for the University in terms of the anticipated contribution rates.

NOTES TO THE ACCOUNTS

USS

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies

The total cost charged to the Consolidated Statement of Comprehensive Income is £6,223k (2021: £5,125k) including PensionChoice, but excluding the impact of the change in the deficit recovery plan.

Deficit recovery contributions due within one year for the institution are £2,291k (2021: £1,694k)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The 2020 valuation was the sixth and latest valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles. (uss.co.uk/about-us/valuation-and-funding/statement-of-fundingprinciples).

Discount Rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement 2.75% Post-retirement 1.00%
CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030 reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females and an long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 years	23.9	24.7
Females currently aged 65 years	25.5	26.1
Males currently aged 45 years	25.9	26.7
Females currently aged 45 years	27.3	27.9

NOTES TO THE ACCOUNTS

USS (continued)

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021	2020
Discount rate	3.31%	0.87%	0.73%
Pension growth (CPI)	2.6%	2.08%	2.08%

The employers contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

The deficit provision recognised by the University is highly sensitive to movements in the input assumptions.

The impact of movements in the key assumptions are as below

Change to current position at 31 July 2022	£'000
0.5% pa decrease in discount rate	(1,439)
0.5% increase in discount rate	1,523
0.5% pa increase in salary inflation over duration	1,507
0.5% increase in salary inflation in year 1 only	174
0.5% pa increase in staff changes over duration	1,548
0.5% decrease to contribution rate over duration	(2,606)

28 Events after the reporting period

There have been no material events in the period between 31st July 2022 and the signing of the accounts on the 24th November 2022.



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