

**UNIVERSITY OF WALES: TRINITY SAINT DAVID**

**Consolidated Financial Statements**

**31 July 2017**

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## UNIVERSITY OF WALES: TRINITY SAINT DAVID

### MEMBERS

The Venerable Randolph Thomas (Chair)  
Dr Geoffrey Thomas  
Dr Gerald Lewis  
Mr Phil Owen  
Prof Medwin Hughes (Vice-Chancellor)  
Mrs Maria Stedman  
Mr Eifion Griffiths  
Mr Andrew Curl  
Mr Jack Girvin  
Mrs Pam Berry  
Mr Alun Thomas  
Mr Roger Evans  
Ms Virginia Isaac                      Resigned 12 October 2016  
Mr Mark James  
Dr Mirjam Plantinga  
Mr Mark Cocks  
Ms Alison Harding  
Mr. Dai Rogers  
Mr Andrew Gibson  
Mrs Emma Hughes  
Miss Gwyneth Sweetman              Resigned 30 June 2017  
Mr Dan Rowbotham                    Resigned 30 June 2017  
Mr Robert Simkins                    Appointed 1 July 2017  
Mr Charlie Jones                      Appointed 1 July 2017

The above members are also trustees of the University of Wales: Trinity Saint David charity.

**PROFESSIONAL ADVISERS**

**EXTERNAL AUDITOR**

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

**INTERNAL AUDITORS**

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

**BANKERS**

Barclays Bank Plc  
NatWest Bank Plc

## OPERATING AND FINANCIAL REVIEW

### Scope of the Financial Statements

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

- University of Wales: Trinity Saint David
- Trinity University College Limited
- Trinity College
- Eclectica Drindod Ltd
- UWTSD Learning Centres Limited
- UWTSD Investments Limited
- Y Ganolfan Dysgu Cymraeg Genedlaethol
- Coleg Sir Gar
- Coleg Ceredigion
- UW Centre for Advance Batch Manufacture Limited (Associate)
- OSTC Trinity St David LLP (Joint Venture)

### Legal Status

The 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.

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

The 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 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 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, 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. UWTSD is the sole member of the company.

UW Centre for Advanced Batch Manufacture Limited, is a private company, the University has a 49% stake in the company.

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.

## OPERATING AND FINANCIAL REVIEW

### Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2017 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2015) and the accounts direction issued by the Higher Education Funding Council for Wales.

### Financial Health

The University of Wales: Trinity Saint David defines itself as an institution with medium risk in relation to its financial status. There are continuing challenges to financial health and sustainability which the University is pro-actively managing. Key objectives and challenge areas are:

- maintaining a sufficient level of operating surplus and net cash generation to facilitate investment in the transformed University's estate strategy (including related debt servicing), in order to both ensure fitness for purpose and to meet the increasing demands of its clients;
- maintaining and being pro-active in the recruitment and retention of students;
- 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;
- robustly managing increases in pension costs.

Although the University experienced reductions in some income lines and increases in some cost elements during the year, reflecting some of the challenges referred to above, it responded to these by taking corrective action to reduce costs which should ensure sustained financial health in future years.

### Results for the year

The consolidated financial statements for year ended 31 July 2017 have been prepared under the accounting standard, Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102).

The consolidated financial performance for the year to 31 July 2017 is summarised as follows:

	<b>2016/17</b>	<b>2015/16</b>
	<b>£'000</b>	<b>£'000</b>
Income	119,340	104,650
Expenditure	(144,870)	(108,388)
(Loss)/Profit on Sale of Assets	474	(10)
Increase in fair value of investment properties	-	552
Gain/(Loss) on investments	395	(273)
Share of operating deficit in joint venture	(145)	-
Share of operating loss in associate	(150)	(177)
Taxation	(16)	(12)
Deficit for the year	(24,972)	(3,658)
Actuarial gain/(loss) in respect of pension schemes	11,179	(14,671)
<b>Total comprehensive income for the year</b>	<b>(13,793)</b>	<b>(18,329)</b>

**OPERATING AND FINANCIAL REVIEW**

The consolidated results recorded a deficit for the year of £25.0 million for the year (2016: £3.7 million), retained within General Reserves of £81.5 million (2016: £75.7 million). This result encompasses all activities, other than the Students' Union which is an independent body.

The recorded deficit is after provision for significant property impairment charges totalling £21.7 million. Of this amount, £18.2 million reflects impairments of two campus properties in Swansea (Townhill and Mount Pleasant). These arise as a result of the planned disposal of these properties with the relocation to the University's SA1 Swansea Waterfront development in 2018, part of its exciting regeneration project for that area. In addition, the University provided £3.1m for the expected impairment of the Canolfan S4C Yr Egin development in Carmarthen, which is in the course of construction and will be home to a cluster of companies and organisations from the creative industries sector, to reflect the fact that on completion the market value of the property, on a commercial letting basis (and disregarding the consequential value of tenant engagement opportunities for the University), will be below the cost of construction. An impairment charge of £0.4 million was also made against some of the University's property in Lampeter to reflect planned disposals by way of lease to third parties which are part of the University's plan to reduce the overall size of its estate and to dispose of spare capacity to better align with sector benchmarks.

Some of the income and expenditure in the consolidated results for the year reflects non-core or non-recurring activities and capital grant and expenditure items. These are summarised as follows:

	2016/17 £'000	2015/16 £'000
<u>Income</u>		
Revaluation of derivative liability	1,358	(2,035)
Capital grants received	2,044	-
Gain / (loss) on disposal of fixed assets	474	(10)
Increase in fair value of investment properties	-	552
Gain / (loss) on investments	395	(273)
<u>Expenditure</u>		
Non-cash pension costs & adjustments	(2,544)	(1,673)
Restructuring costs	(821)	-
Asset expenditure not capitalised	(1,072)	-
Share of operating deficit in joint venture	(145)	
Share of operating deficit in associate	(150)	(177)
Total non-core and other items	(461)	(3,616)

**OPERATING AND FINANCIAL REVIEW**

Adjusting for these and the property impairments referred to above, the underlying consolidated results are as follows:

	2016/17 £'000	2015/16 £'000
Deficit for the year per consolidated statement of comprehensive income	(24,972)	(3,658)
Add back property impairment charges	21,707	-
Add back non-core and other items above	461	3,616
<b>Underlying surplus / (deficit)</b>	<b>(2,804)</b>	<b>(42)</b>

The underlying results for the year are below management's forecasts at the commencement of the year but corrective action has been taken to address this. During the year the Group experienced a reduction in student fee and other core income of approximately £2.8 million and an increase in core staff and other costs of £2.4 million. These variations arose mainly in the University. Management addressed these by implementing in the year a restructuring programme which will deliver full year staff cost savings of approximately £3.0 million per annum next year. The restructuring was not completed until the end of the financial year and therefore the benefits of these savings are not reflected in the results for the year. The University's strategic aim is to deliver operational surpluses to allow further capital investment over the strategic planning cycle and management believe that the corrective action taken in the year will deliver sustainable operating surpluses next year and thereafter and this is reflected in the Group's forecasts for the next four years which were prepared in July 2017. Notwithstanding the underlying deficit for the year, the University generated a positive cash inflow from operations and achieved a healthy headroom on its banking covenants (see below).

**Income**

The consolidated total income for the year amounted to £119.3 million (2016: £104.7 million). Within this sum, income received from the Higher Education Funding Council for Wales amounted to £3.5 million (2016: £4.9 million) which represented 3% of total income for the year (2016: 5%). Grants from the Welsh Government, received by Coleg Sir Gar, Coleg Ceredigion and Y Ganolfan Dysgu Cymraeg Genedlaethol (YGDGC) are included in funding body grants and amounted to £35.9 million (2016: £24.1 million), representing 30% of total income (2016: 23%). The increase in Welsh Government grants of £10.1 million arises primarily from grant funding to YGDGC and is substantially offset by an increase in operating costs, reflecting distribution of grant funding to third parties.

Tuition Fees and Education Contracts income amounted to £56.7 million (2016: £53.1 million) which represented 48% of total income for the year (2016: 51%).

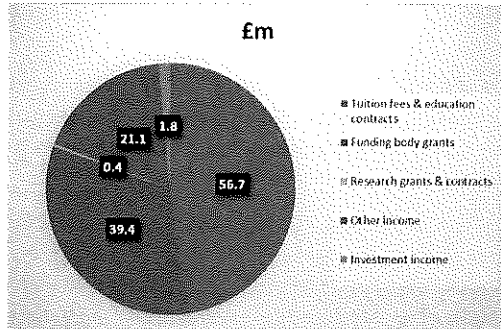
Other income for the year totalled £21.1m (2016: £21.3m), representing 18% of total income for the year (2016: 20%). Other income arises from a wide range of sources including: student residences, catering and grant funding for projects and programmes.

Investment income for the year was £1.8 million (2016: £0.7 million) of which the largest component was an upwards revaluation of a derivative contract of £1.4 million (2016: £2.1m downwards revaluation included in finance costs – see page 7).

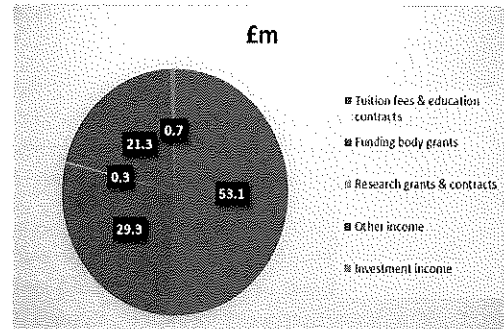


**OPERATING AND FINANCIAL REVIEW**

2017 Income by Category



2016 Income by Category



**Expenditure**

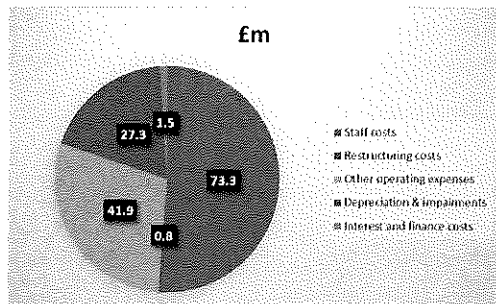
The consolidated total expenditure for the year was £144.9million (2016: £108.4 million). Within this sum, staffing costs of £73.3million (2016: £69.2 million) represented 61% of total income for the year (2016: 66%) and 50% of total expenditure (2016: 64%).

Other operating costs for the year were £41.9 million (2016: £30.6 million). The increase in operating costs of £11.3million arises mainly in YGDGC, reflecting distribution of grant income to third parties.

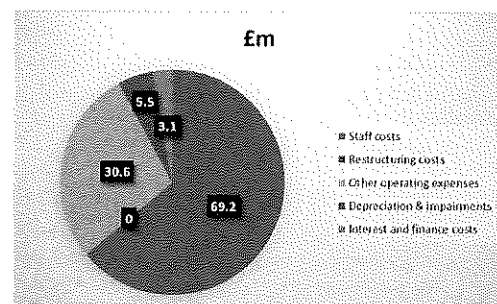
Depreciation & impairments costs were £27.3 million (2016: £5.4 million) of which impairment charges were £21.7 million (2016: £nil) and depreciation charges were £5.6 million (2016: £5.4 million).

Interest and finance costs were £1.5 million (2016: £3.1 million) of which the largest components were pension scheme interest charges of £1.2 million (2016: £1.1 million). Also included in 2016 was a downwards revaluation of a derivative contract of £2.1 million (this is an upwards revaluation of £1.4m in 2017 which is included in investment income – see page 6).

2017 Expenditure by Category



2016 Expenditure by Category



## **OPERATING AND FINANCIAL REVIEW**

### **Balance Sheet**

The consolidated Balance Sheet discloses a net assets position of £113.1 million as at 31 July 2017 (2016: £126.9 million). The reduction in net assets primarily arises from the property impairments referred to previously.

There has been a substantial capital investment in the year of £19.7 million, £16.5 million on building works and £3.2 million on equipment. Major building projects have included the exciting new developments at SA1 Swansea Waterfront, at the Coleg Sir Gar campus at Carmarthen and also the development of the Canolfan S4C Yr Egin Centre in Carmarthen.

Cash and cash equivalent balances were £25.0 million at 31 July 2017 (2016: £28.2 million) with the reduction primarily reflecting the partial funding of the capital investment referred to above. In this connection, the University did not draw down £6.0m of revolving credit loan facilities available to it from HSBC bank that were intended to cover this utilisation of working capital facilities, but expects to do so next year. The University's cash position remains at a level which is commensurate with the institution's financial strategy with a target of maintaining minimum end of month cash balances and undrawn revolving credit facilities in the University (excluding subsidiaries) of at least £16m throughout the year.

Total creditors (current and not current) were £46.9 million at the year end (2016: £32.7 million) and the increase partly arises from new loans drawn down to fund the capital expenditure programme (£8.8 million). Other increases reflect higher levels of deferred income and capital expenditure creditors at the year end.

The consolidated pension liabilities have reduced by £8.7 million year on year, arising from actuarial gains over the period.

### **Cash Flow**

The consolidated net cash inflow from operating activities was £4.9 million for the year (2016: £ 0.2 million outflow) and the overall cash outflow was £3.2 million (2016: £1.7 million inflow).

### **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 2017 consolidated short-term investments, deposits and cash totalled £29.6 million (2016: £32.5 million). Of this amount, £7.2 million (2016: £9.2 million) were endowment funds. Interest and dividend income from all investments and deposits (endowment and non-endowment) was £0.4 million (2016: £0.7 million) while gains on investments were £0.4 million (2016: loss of £0.3 million).

### **Liquidity**

The Group's liquidity levels remain acceptable with a current ratio of 2.0 as at 31 July 2017 (2016: 2.9). The reduction in liquidity ratio was planned in order to part finance the significant capital development programme being undertaken across the UWTSO Group and reflects both utilisation of surplus cash and draw down of loans.

Given the scale of capital expenditure, the University is monitoring and planning its cashflows carefully and prepares regular strategic cashflow forecasts for the next 3 years to test liquidity. Key performance indicators used to assess this are: headroom over bank debt servicing covenant and maintenance of minimum end of month cash balances and undrawn revolving credit facilities of at least £16m throughout the year.

## OPERATING AND FINANCIAL REVIEW

Creditors due within one year amount to £21.7 million (2016: £15.1 million) of which a significant proportion represents accruals and deferred income of £13.5 million (2016: £8.3 million). 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 net liability in the local in-house final salary pension scheme has decreased during the year, from £4.6 million to £3.0 million.

The Local Government Pension Schemes (the Dyfed Pension Fund, which is administered by Carmarthenshire County Council, and the Swansea Pension Fund, which is administered by the City and County of Swansea) are both final salary pension schemes. The consolidated apportioned share of the deficit on the Dyfed Pension fund decreased during the year from £22.2 million to £20.3 million due to a net actuarial gain of £ 3.6 million. The Swansea Pension Fund deficit decreased during the year from £16.6 million to £11.2 million due to a net actuarial gain of £5.8 million. The new accounting standard requires the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS) and this obligation is included in the pension provision and the additional costs are processed through staff costs in the consolidated statement of income and expenditure.

### Significant events during the year

#### Student satisfaction reaches record high

The University was awarded its highest ever Student Satisfaction score in the National Student Survey 2017 (NSS). Satisfaction amongst final year undergraduates at the University improved in two consecutive years to 85% from 79% two years ago.

This improvement saw the University climb this year above the UK national average and rise 44 places in the UK Universities' NSS table, from 102nd to 58th place.

This was achieved in a year when a new survey format was introduced and when the overall UK national average fell from 87% to 84%. The University welcomed these results which now sees it ranked 4th University overall in Wales for student satisfaction.

#### University ranked in UK Top 20 for 'Teaching Quality'

The University's continued success and improvement was reflected once again in the University League table published by The Times and The Sunday Times Good University Guide 2018.

This League Table shows that the University is now ranked 16th overall in the UK for 'Teaching Quality' and third in Wales. The University also performed strongly for 'Teaching Quality' and 'Student Satisfaction' in a number of academic subjects. Key findings from The Times and The Sunday Times Good University Guide 2018 include the University ranking:

- 4th in the UK & 1st in Wales for 'Teaching Quality' in Business Studies
- 4th in the UK & 1st in Wales for 'Teaching Quality' in Classics & Ancient History
- 1st in Wales for 'Teaching Quality' in History
- 9th in the UK and 1st in Wales for 'Teaching Quality' in Computer Science
- 1st in Wales for 'Teaching Quality' in Mechanical Engineering
- 8th in the UK & 1st in Wales for 'Student Experience' in Business Studies

## OPERATING AND FINANCIAL REVIEW

- 1st in Wales for 'Student Experience' in Mechanical Engineering

### UWTSD and NHS Wales Informatics Service shortlisted in this year's Times Higher Education Awards

The University was delighted to announce that it has been shortlisted for its work with NHS Wales Informatics Service in the Most Innovative Contribution to Business-University Collaboration category at this year's Times Higher Education (THE) Awards.

The awards, now in their 13th year, are widely recognised within the higher education sector, attracting hundreds of entries each year that exemplify the talent, dedication and innovation of individuals and teams across all aspects of university life.

The University and the NHS Wales Information Service joined forces to create the Wales Institute of Digital Information earlier this year.

### SA1 Swansea Waterfront

Building work began in Autumn 2016 on the University's new facilities in the SA1 Swansea Waterfront. The first phase development comprising new buildings for the Library, the Faculty of Architecture, Computing and Engineering and the Faculty of Education and Communities as well as associated central teaching and faculty space will be completed by summer 2018.

### New £6.5 million UWTSD and CITB Cymru Wales Construction Wales Innovation Centre offering World-Class Training for Individuals and Construction Companies

During the year, former Welsh Government Leader of the House and Chief Whip Jane Hutt AM welcomed plans to build a unique £6.5m construction training centre in the SA1 Swansea Waterfront area, which will train 1,100 people per year across Wales.

The former Minister referred to the exciting potential of the new Construction Wales Innovation Centre (CWIC), and also highlighted the Welsh Government's intention to provide industry with a clear pipeline of public sector projects; support for construction being recognised as an attractive career choice; and commitment to developing the skills base of our citizens, as an imperative to its commitment to tackling poverty and disadvantage.

The CWIC will see partners from the University and CITB develop a unique 'Hub and Spoke' training framework to deliver specialist construction training at all levels across all sectors and supply chains in Wales.

The CITB-funded CWIC (which will be constructed and open in September 2018) will also work closely with the first new school of architecture in Wales for 120 years, which is part of the University's new academic facilities in SA1.

### Global recognition for UWTSD group at WorldSkills 2017

Team UK retained its top-10 position at WorldSkills this year, after competitors won one gold, three silvers, three bronzes, and 13 medallions of excellence in Abu Dhabi.

And for the Welsh contingent, there was success for a chef-de-rang student from Carmarthenshire representing Coleg Sir Gâr, who won a medal of excellence for her world-class skills in restaurant services.

Around 10,000 competitors, skills experts, officials and supporters from 60 countries and regions around the world looked on as the 44th WorldSkills competition – the first to take place in the Middle East – was opened.

The University's centre co-ordinator at Construction Wales Innovation Centre, was the appointed WorldSkills UK expert for carpentry at the prestigious competition. This highly coveted role enabled him to join the UK training team for WorldSkills, which is the world's largest international skills competition.

## **OPERATING AND FINANCIAL REVIEW**

### Topping Out Ceremony marks key milestone in the construction of Yr Egin

The development of Canolfan S4C Yr Egin – the University’s new digital and media centre – commenced and reached a key milestone in the year with a ‘topping out’ ceremony held on the site in Carmarthen.

During the ceremony, the University’s Vice Chancellor was joined by key partners in this exciting initiative including representatives from S4C, Kier Group, Carmarthenshire County Council, as well as representation from the Welsh Government, which has provided £3million funding towards the new centre.

### UWTSD launches a Centre for Health and Ageing in Carmarthen

In January Physiologists at the University launched a Centre for Health and Ageing at the University’s campus in Carmarthen.

The Centre is open to any member of the public over the age of 50 or any person of any age who has a mild chronic health condition that might benefit from regular exercise. Having initially recruited 60 members of the public to become involved with its work, the Centre has enabled each participant to have their very own training programmes developed specifically for them by a team of experts.

The Centre also aims to increase student engagement with the community. This will not only enhance the scope of the Centre but also allow students to gain valuable work experience. After gaining additional YMCA awards in Exercise Referral and Personal Training, students on the current BSc Personal Training and the new BSc Sport and Exercise Science, will work with the public, in consultation with University staff to assess participants’ health and fitness, managing bespoke exercise programmes for them.

### UWTSD students employed by Kier at SA1 Swansea Waterfront

Three UWTSD students who gained work experience on the University’s SA1 Swansea Waterfront development with Kier during their courses have now secured permanent employment. The University’s new £300 million SA1 Swansea Waterfront development in the heart of SA1 will provide a new home for the Faculties of Architecture, Computing and Engineering and Education and Communities, together with a new Library Building, when it opens in September 2018.

### University welcomes the first cohort of students to its Academy of Sinology

The University formally welcomed the first cohort of students to its new Academy of Sinology in Lampeter in March this year.

The Academy of Sinology was established in July 2016 as a joint institution between the Chin Kung Multicultural Educational Foundation and the University, marking the beginning of a new era in the studies of ancient Chinese culture, values and ethics.

The purpose of the Academy is, through education, instruction and enlightenment, to reintroduce ancient heritage and culture to the international community.

### **Risk Management / Risk Register**

The Statement of Corporate Governance sets out the arrangements that are in place including the ongoing process of identifying, evaluating and managing risks and Council is pleased to report that risk management procedures are in place and a risk register is updated on a regular basis and monitored by senior management. A report is presented to each Audit and Risk Management committee.

### **University’s Mission and Vision**

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

## OPERATING AND FINANCIAL REVIEW

### Mission

#### ***Transforming Education; Transforming Lives.***

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

### Vision

#### ***To transform, shape and develop futures***

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

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

### **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 in full alignment with its Charter:

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

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

- Collaboration
- Inclusivity
- Employability and creativity
- Sustainable development
- Wales and its distinctiveness
- The concept of global citizenship
- Research and its impact on policy

The three values, **Collaboration; Inclusivity; Employability & Creativity** are the social and economic focus of higher education, in particular, preparing graduates for their future professional employment, not only in the region locally, but also nationally and internationally.

The University's teaching, learning and widening access strategy demonstrates its approach to fulfilling the learners' potential in contributing to the social and economic requirements and the wider skills agenda in Wales and beyond.

## OPERATING AND FINANCIAL REVIEW

The University's strategy towards teaching, learning and widening access addresses the Welsh Government agenda outlined in "For our Future"; and the Funding Council's implementation of that plan through the Funding Council's Corporate Strategy.

The University has developed strong links with the community to assist with fulfilling the widening access agenda. As indicated, key to the University's values is promoting social inclusion, increasing participation and making a positive impact on the economy, society and culture of Wales.

**Sustainable Development** – through a system-based approach to delivering meaningful and relevant educational pathways we will promote learning and social responsibility that supports "development that meets the needs of the present without compromising the ability of future generations to meet their own need." (Brundtland Commission 1987). The University's commitment to sustainability consists of an approach that embeds the Faculty sustainability plans throughout the academic and support structures. The University's Institute for Sustainable Practice, Innovation and Resource Efficiency (INSPIRE) has continued to support embedding sustainability within the 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.

**Wales and its Distinctiveness** – The university achieves this through celebrating the distinctive linguistic and cultural assets and heritage of Wales. The University engages with the Coleg Cymraeg Cenedlaethol, and the HE/FE group created is becoming one of the foremost bilingual providers in Wales.

**Global Citizenship** – The University offers flexible; blended and distance-learning routes in a range of disciplines to students, and is establishing a distinctive UWTSO international presence through a range of international partnerships.

**Research and its impact on policy** – The University's commitment to the Innovation and Engagement agenda spans three strategic priorities: Students; Research, Knowledge and Innovation; and Engagement. The University's plan is aligned with the key Welsh Government agenda outlined in For our Future, Economic Renewal programme and the Funding Council's Corporate Strategy.

### Key Deliverables

During summer 2017 the University adopted a new strategic plan for the next 5 years (2017 to 2022). 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.
4. Maintaining a University for Wales.

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

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. Maintaining and improving equality.
7. Seeking continuous improvement.

## **OPERATING AND FINANCIAL REVIEW**

Again, each of these seven enablers has specific plans, measures of success and key performance indicators attached to it.

### **Ethical investment and banking policies**

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

### **Equal opportunities**

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

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

### **Environmental sustainability policy**

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

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

The University is one of sixty-two institutions across the UK that have signed-up to the Green Impact scheme achieving an estimated reach of close to 80,000 members of staff across all the institutions who are all eager to create a more sustainable and environmentally friendly workplace.

Green Impact is an environmental accreditation and awards scheme run by the National Union of Students, bringing staff and students together within their wider communities to enable and showcase positive changes in environmental practice, reducing the negative environmental impacts of their workspace.

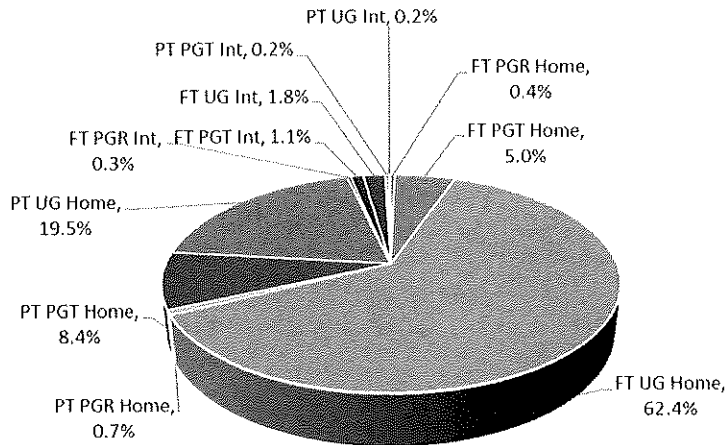
### **Tuition fees**

During 2016/17 the University published its Fee plan for 2018/19 with a full time undergraduate tuition fee of £9,000, the fees for students that entered the University before 2014/15 remain at £7,500.



**OPERATING AND FINANCIAL REVIEW**

**2016/17 Student Numbers as percentage of total population**



Key: FT – Full time; PT – Part time; UG – Undergraduate; PGT – Postgraduate Taught; PGR – Postgraduate Research.; INT- International students.

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

**Principal risks and uncertainties**

The principal risks and uncertainties faced by the University are as follows:

- Home/EU student recruitment and retention given uncertain economic environment.
- International student recruitment and retention given uncertain political and economic environment.
- Maintaining and improving the student experience in competition with other institutions.
- Managing the Group estate, improving facilities, disposing of surplus capacity, managing major capital projects.
- Impact of Welsh Government various reviews on Higher and Further Education provision.
- Managing performance across all of the Group’s complex and diverse entities and locations and harmonising activity where appropriate to deliver strategic gains.

**OPERATING AND FINANCIAL REVIEW****Key performance indicators**

The University measures itself against Key Performance Indicators (KPIs) annually and reports on this to Council in March of each year. The latest KPI report was for the 2015/16 year and the assessed performance against the KPIs was as follows:

Super KPI	Performance	
	2014/15	2015/16
KPI 1. Institutional Sustainability	Satisfactory	Medium Risk
KPI 2 Academic Profile and Market Position	Satisfactory	Satisfactory
KPI 3 Embedding Sustainability	Good	Good
KPI 4 Establishing an International Profile	Satisfactory	Satisfactory
KPI 5 Pure and Applied Research	Medium Risk	Medium Risk
KPI 6 Culture and Heritage	Satisfactory	Good
KPI 7 Student Experience	Satisfactory	Satisfactory
KPI 8 Teaching and Learning	Satisfactory	Satisfactory
KPI 9 Estates and Infrastructure	Medium Risk	Medium Risk
KPI 10 Staff	Satisfactory	Satisfactory
KPI 11 Governance	Good	Good

The assessment criteria were:

Assessment	Description
Good	Good performance, low risk and no issues identified.
Satisfactory	Broadly on track with some issues being actively addressed.
Medium risk	Some concerns that need to be addressed.
	Poor performance, high risk and significant issues identified.

The University is currently undertaking its assessment for 2106/17 and this will be reported to Council next year.

**Future prospects**

The current environment is challenging but the University is investing significantly in its estate and improving the quality of its student experience, as reflected in its performance in the National Student Survey. This is slowly but surely transforming the University and the other Group members and will, in the long term, ensure its sustainability and success as a University for Wales; a dual-sector educational organisation which educates learners of all ages and backgrounds, and stimulates economic development, in the region, across Wales and beyond.

## OPERATING AND FINANCIAL REVIEW

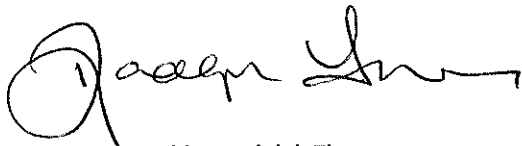
### Declaration of information to auditor

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
- b) each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditor is aware of that information.

### Conclusion

The financial challenges of 2016/17 are likely to continue into 2017/18 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.



**The Venerable Randolph Thomas**

*Chair of University Council*

12 December 2017

## **CORPORATE GOVERNANCE**

### **Introduction**

The University aspires to high standards of corporate governance. Although the University, as a corporation founded by Royal Charter with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. This summary describes the manner in which the University has applied the principles set out in the Committee of University Chairs The Higher Education Code of Governance, published in December 2014.

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's ongoing risks; that this has been in place for the year ended 31 July 2017 and up to the date of the approval of the annual report and accounts; that it is regularly reviewed by the Council; and that it accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

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

### **Summary of the University's structure of Corporate Governance**

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

The responsibilities of the Council are summarised on pages 22 and 23. The Council, which meets at least four times a year, exercises its responsibilities through the executive management and several committees. The principal committees which reported to Council during the year 2016/17 are:

- **Resources Committee**  
The Resources Committee reports to the Council as to the financial affairs of the University and monitors performance in particular with regard to the allocation of funds, budgets, long term forecasts and the Annual Financial Report. It also oversees financial performance, estate and information management issues for the wider UWTSD group.
- **Nominations & Governance Committee**  
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (Patron and President). The Committee monitors nominations, having due regard to the balance of skills; knowledge and experience and in accordance with the Equality and Diversity Act as detailed in the CUC guide 2009. It also monitors governance matters for the wider UWTSD group in line with specific ordinances and the remit letters for group members.
- **Senior Remuneration Committee**  
The Senior 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 Vice-Chancellors, the Clerk to the Council and such other senior members of staff above point 51, as the Council deems appropriate.

## CORPORATE GOVERNANCE

- **Strategy Committee**  
The Strategy Committee reports to Council and makes recommendations on the University's mission, aims and objectives. The Committee oversees arrangements for the preparation of the University's Strategic plan and the integration of supporting strategies. It also oversees strategic issues for the wider UWTSD group, in line with specific ordinances and the remit letters for group members.
- **Audit & Risk Management Committee**  
The Audit & Risk Management Committee meets at least four times a year; twice with the external auditors, once to discuss the audit plan and once to discuss the audit findings and to review the University's financial statements and accounting policies; and at every meeting with the internal auditors to consider the review of internal control systems and to address recommendations for the improvement of such systems. Its role is to maintain overarching control of the UWTSD group audit.
- **Human Resources Committee**  
The Human Resources Committee meets at least three times a year. The Committee oversees all matters relating to human resources at the University and throughout the Group. It makes recommendations to Council on human resources strategies, policies and practice; including recruitment, equality and diversity, contractual matters and training and development.
- **Group Scrutiny Committee**  
The Group Scrutiny Committee was established in 2015/16 and now meets at least twice a year. The Committee reviews adherence to financial planning, estates, and other matters within the UWTSD Group as outlined in the specific FE / HE ordinances and annual Remit Letters issued to Group members. It also monitors development of group strategies and considers opportunities for closer collaboration within the Group.

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

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

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

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

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

## **CORPORATE GOVERNANCE**

The University has developed a Key Performance Indicator (KPI) framework which is aimed at enabling the effective monitoring and evaluation of institutional performance. A range of KPIs have been established at institution and department level which can be referenced against the University's Strategic Plan and Risk Register, and which also facilitate benchmarking of performance against leading institutions. Academic and support units also develop relevant unit plans for each academic year which correlate with the institutional Strategic Plan.

The delivery of the strategic plan will be overseen by the University Council's Strategy Committee, with progress against the overall KPI framework to be a standing item at all Committee meetings. Each KPI has also been assigned to Council committees to allow regular scrutiny of performance during the academic year. Identified actions at both institution and department level will be undertaken in consultation with student representatives, wherever appropriate and reported to University Council. Council membership includes two student representatives nominated by the student body along with a further two student representatives in attendance at meetings.

The Council concur with the fact that the financial statements have been prepared on the going concern basis, reflecting the underlying positive cash generation from operations.

### **Internal Control**

As the governing body of the University of Wales: Trinity Saint David, Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes, and the revised Memorandum of Assurance and Accountability issued in 2015 by the Higher Education Funding Council for Wales (HEFCW).

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

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the strategic plans, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been in place for the year ended 31 July 2017 and up to the date of approval of the financial statements.

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

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

## **CORPORATE GOVERNANCE**

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

The University has established a robust risk prioritisation methodology based on risk ranking, together with the on-going maintenance of a corporate-wide risk register. All faculties and support units maintain and review their risk registers on a regular basis, and when necessary, escalate significant risks to the institution to the corporate-wide register. Council is pleased to report that risk management procedures are in place and a risk register is updated on a regular basis and monitored by senior management. A report is presented to each Audit and Risk Management committee.

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

## RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to ensure that the financial statements are prepared in accordance with the Royal Charter, the Accounts Direction from the Higher Education Funding Council for Wales, the Statement of Recommended Practice on Accounting in Further and Higher Education (2015) and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for Wales and the Council of the University of Wales: Trinity Saint David, the Council, through its designated office holder, the Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year.

The maintenance and integrity of the University of Wales Trinity Saint David website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Council notes that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue operations for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

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

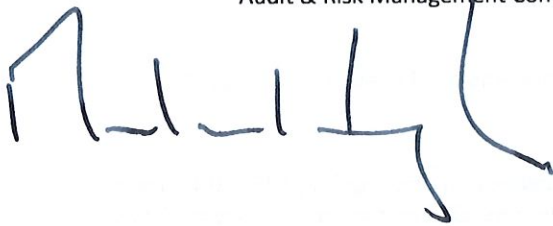
- ensure that funds from the Higher Education Funding Council for Wales (HEFCW) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the HEFCW and any other conditions which the HEFCW may from time to time prescribe;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



## RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

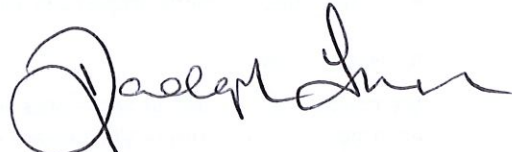
The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities of Council in relation to internal financial control, include the following:

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



Professor M Hughes

*Vice Chancellor*



The Venerable Randolph Thomas

*Chair of University Council*

12 December 2017

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID**

**Opinion**

We have audited the financial statements of University of Wales Trinity Saint David ("the University") for the year ended 31 July 2017 which comprise the 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 Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and 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 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCW's Accounts direction to higher education institutions for 2016-17 financial statements, and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Other information**

The Council is responsible for the other information, which comprises the Operating 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 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. Based solely on that work, we have not identified material misstatements in the other information.

**Council responsibilities**

As explained more fully in their statement set out on pages 22 and 23, the Council, who are also trustees for the purposes of charity law, is responsible for: the preparation of the financial statements and for being satisfied that they 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**

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

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](http://www.frc.org.uk/auditorsresponsibilities).

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are required to report on the following matters under the HEFCW Audit Code of Practice (Effective 1 August 2016) issued under the Further and Higher Education Act 1992.

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; and
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution and in accordance with 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 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.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the operating & financial review is inconsistent in any material respect with the financial statements; or
- the University 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.



**Emma Holiday**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

Date: 18 December 2017

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

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated and University Statement of Comprehensive Income

Year Ended 31 July 2017

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	56,677	51,458	53,055	48,283
Funding body grants	2	39,404	3,510	29,295	5,169
Research grants and contracts	3	456	456	326	326
Other income	4	21,050	16,820	21,269	16,294
Investment income	5	1,753	1,725	705	679
<b>Total income</b>		<b>119,340</b>	<b>73,969</b>	<b>104,650</b>	<b>70,751</b>
<b>Expenditure</b>					
Staff costs	6	73,301	48,922	69,190	46,019
Fundamental restructuring costs		821	821	0	0
Other operating expenses	8	41,901	23,477	30,625	22,336
Depreciation and impairments	11	27,299	24,983	5,440	3,453
Interest and other finance costs	7	1,548	1,112	3,133	2,751
<b>Total expenditure</b>		<b>144,870</b>	<b>99,315</b>	<b>108,388</b>	<b>74,559</b>
<b>Surplus/deficit before other gains losses and share of operating surplus/deficit of joint ventures and associates.</b>		<b>(25,530)</b>	<b>(25,346)</b>	<b>(3,738)</b>	<b>(3,808)</b>
Gain/(loss) on disposal of fixed assets		474	464	(10)	(31)
Increase in fair value of Investment properties		0	0	552	552
Gain/(Loss) on investments		395	397	(273)	(281)
Share of operating surplus/(deficit) in joint venture	15	(145)	0	0	0
Share of operating surplus/(deficit) in associate		(150)	0	(177)	0
<b>Surplus / (Deficit) before tax</b>		<b>(24,956)</b>	<b>(24,485)</b>	<b>(3,646)</b>	<b>(3,568)</b>
Taxation	9	(16)	0	(12)	0
<b>Surplus / (Deficit) for the year</b>		<b>(24,972)</b>	<b>(24,485)</b>	<b>(3,658)</b>	<b>(3,568)</b>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Actuarial gain/(loss) in respect of pension schemes	11,179	8,756	(14,671)	(9,350)
<b>Total comprehensive income for the year</b>	<b>(13,793)</b>	<b>(15,729)</b>	<b>(18,329)</b>	<b>(12,918)</b>
Represented by:				
Endowment comprehensive income for the year	516	521	75	83
Unrestricted comprehensive income for the year	(14,309)	(16,250)	(18,404)	(13,001)
Attributable to the University	<b>(13,793)</b>	<b>(15,729)</b>	<b>(18,329)</b>	<b>(12,918)</b>
<b>Total Comprehensive income for the year attributable to</b>				
University	<b>(13,793)</b>	<b>(15,729)</b>	<b>(18,329)</b>	<b>(12,918)</b>

All items of income and expenditure relate to continuing activities

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

## Consolidated and University Statement of Changes in Reserves

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>	<b>9,099</b>	<b>93,457</b>	<b>42,704</b>	<b>145,260</b>
Surplus/(deficit) from the income and expenditure statement	75	(3,733)	0	(3,658)
Other comprehensive income	0	(14,671)	0	(14,671)
Transfers between revaluation and income and expenditure reserve	0	661	(661)	0
<b>Total comprehensive income for the year</b>	<b>75</b>	<b>(17,743)</b>	<b>(661)</b>	<b>(18,329)</b>
<b>Balance at 1 August 2016</b>	<b>9,174</b>	<b>75,714</b>	<b>42,043</b>	<b>126,931</b>
Surplus/(deficit) from the income and expenditure statement	516	(25,488)	0	(24,972)
Other comprehensive income	0	11,179	0	11,179
Transfer between endowment and income and expenditure reserve	(2,621)	2,621	0	0
Transfers between revaluation and income and expenditure reserve	0	17,425	(17,425)	0
<b>Total comprehensive income for the year</b>	<b>(2,105)</b>	<b>5,737</b>	<b>(17,425)</b>	<b>(13,793)</b>
<b>Balance at 31 July 2017</b>	<b>7,069</b>	<b>81,451</b>	<b>24,618</b>	<b>113,138</b>

University	Income and expenditure account		Revaluation reserve	Total
	Endowment	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>	<b>8,791</b>	<b>62,681</b>	<b>31,993</b>	<b>103,465</b>
Surplus/(deficit) from the income and expenditure statement	83	(3,651)	0	(3,568)
Other comprehensive income	0	(9,350)	0	(9,350)
Transfers between revaluation and income and expenditure reserve	0	426	(426)	0
<b>Total comprehensive income for the year</b>	<b>83</b>	<b>(12,575)</b>	<b>(426)</b>	<b>(6,352)</b>
<b>Balance at 1 August 2016</b>	<b>8,874</b>	<b>50,106</b>	<b>31,567</b>	<b>90,547</b>
Surplus/(deficit) from the income and expenditure statement	521	(25,006)	0	(24,485)
Other comprehensive income	0	8,756	0	8,756
Transfer between endowment and income and expenditure reserve	(2,621)	2,621	0	0
Transfers between revaluation and income and expenditure reserve	0	17,189	(17,189)	0
<b>Total comprehensive income for the year</b>	<b>(2,100)</b>	<b>3,560</b>	<b>(17,189)</b>	<b>(15,729)</b>
<b>Balance at 31 July 2017</b>	<b>6,774</b>	<b>53,666</b>	<b>14,378</b>	<b>74,818</b>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated and University Balance Sheet

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	10	0	0	0	0
Fixed assets	11	134,298	86,598	142,145	94,740
Heritage assets	12	5,955	5,955	5,955	5,955
Works of Art		36	0	36	0
Investment properties	13	18,734	17,354	18,734	17,354
Investment in joint venture	15	566	0	621	0
Investment in associate	14	0	500	150	500
Other fixed asset investments	14	267	0	261	0
		<b>159,856</b>	<b>110,407</b>	<b>167,902</b>	<b>118,549</b>
<b>Current assets</b>					
Stock	16	458	259	419	245
Trade and other receivables	17	13,096	23,395	10,809	20,133
Investments	18	4,591	4,579	4,295	4,275
Cash and cash equivalents		25,024	12,147	28,228	17,623
		<b>43,169</b>	<b>40,380</b>	<b>43,751</b>	<b>42,276</b>
Less: Creditors: amounts falling due within one year	19	(21,674)	(23,955)	(15,151)	(18,345)
<b>Net current assets</b>		<b>21,495</b>	<b>16,425</b>	<b>28,600</b>	<b>23,931</b>
<b>Total assets less current liabilities</b>		<b>181,351</b>	<b>126,832</b>	<b>196,502</b>	<b>142,480</b>
Creditors: amounts falling due after more than one year	20	(25,240)	(24,868)	(17,538)	(17,175)
<b>Provisions</b>					
Pension provisions	27	(39,750)	(25,301)	(48,386)	(32,799)
Other provisions	21	(3,223)	(1,845)	(3,647)	(1,959)
<b>Total net assets</b>		<b>113,138</b>	<b>74,818</b>	<b>126,931</b>	<b>90,547</b>

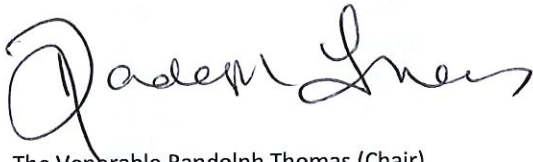


UNIVERSITY OF WALES: TRINITY SAINT DAVID

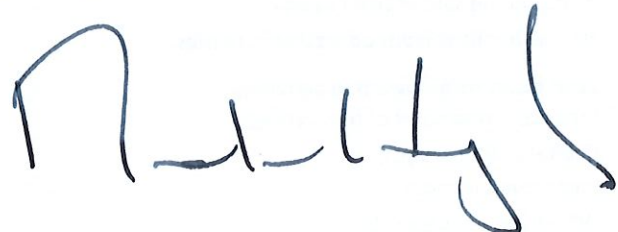
Consolidated and University Balance Sheet

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	22	7,069	6,774	9,174	8,874
Income and expenditure reserve - restricted reserve		0	0	0	0
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		81,451	53,666	75,714	50,106
Revaluation reserve		24,618	14,378	42,043	31,567
<b>Total Reserves</b>		<b>113,138</b>	<b>74,818</b>	<b>126,931</b>	<b>90,547</b>

The financial statements were approved by the Governing Body on 12 December 2017 and were signed on its behalf on that date by:



The Venerable Randolph Thomas (Chair)



Prof Medwin Hughes (Vice-Chancellor)

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

**Consolidated Statement of Cash Flows**
**Year ended 31 July 2017**

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(24,972)	(3,658)
<b>Adjustment for non-cash items</b>			
Depreciation and impairments	11	27,299	5,440
(Gain)/Loss in market value of investments		(395)	273
Increase in fair value of investment properties		0	(552)
Specific grant release to income		(117)	0
Decrease/(increase) in stock		4	(1)
Decrease/(increase) in debtors	17	(2,287)	(1,445)
Increase/(decrease) in creditors	19	5,433	(623)
Increase/(decrease) in other provisions	21	(424)	(349)
Pension costs less contributions payable	27	2,544	1,673
Share of operating (surplus)/deficit in associate & JV	14	295	177
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(395)	(816)
Interest payable	7	384	42
Capital grant income		(2,044)	0
Profit on the sale of fixed assets		(474)	10
<b>Net cash inflow from operating activities</b>		<b>4,851</b>	<b>171</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		633	246
Capital grant receipts		2,849	0
Investment income		395	705
Withdrawal of deposits		0	14,155
Payment to acquire investment property		0	(12,383)
New non-current asset investments		(98)	(637)
Disposal of current asset investments		100	0
Payments made to acquire fixed assets		(20,115)	(12,697)
		<b>(16,236)</b>	<b>(10,611)</b>
<b>Cash flows from financing activities</b>			
Interest element of finance lease rental payment		(50)	(42)
Interest Paid		(334)	0
New secured loans		9,151	12,000
Loan Repayments		(320)	0
Capital element of finance lease rental payments		(266)	141
		<b>8,181</b>	<b>12,099</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(3,204)</b>	<b>1,659</b>
Cash and cash equivalents at beginning of the year		28,228	26,569
Cash and cash equivalents at end of the year		25,024	28,228

**Statement of Accounting Policies**  
for the year ended 31 July 2016

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**1. Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 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 (modified by the revaluation of fixed assets and derivative financial instruments).

**2. Basis of consolidation**

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017, 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
- 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.

**3. Going Concern**

The activities of the University, together with the factors likely to affect its future development and performance are the Operating and Financial review. The financial position of the University, its cash flow, liquidity and borrowings are in the Financial Statements and accompanying Notes.

The University's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future. Accordingly, the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements

#### 4. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated and University Statement of Comprehensive Income and Expenditure 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.

Investment income is credited to the Consolidated and University Statement of Comprehensive Income and Expenditure 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.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are 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.

### **5. 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 schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities applicable to University members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

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.

#### 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.

### **6. 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.

### **7. 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.

## 8. 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.

## 9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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.

## 10. 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 2015 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

Leasehold land is depreciated over the life of the lease up to a maximum of 50 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.

### 11. 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.

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

### 12. 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 Statement of Comprehensive Income and Expenditure. 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 the University's Director of Operation, who is a Fellow of the Royal Institute of Chartered Surveyors.

### 13. 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 Statement of Comprehensive Income and Expenditure.

### 14. Stock

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

### 15. Financial instruments

#### Trade 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, deposits repayable on demand and overdrafts. 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 profit or loss.

## 16. 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 possible 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.

## 17. Accounting for Joint Ventures and Associates

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

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

## 18. 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.

One of the University's subsidiaries is 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.

## 19. 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.



UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	50,203	46,293	46,056	42,641
Full-time international students	3,476	3,466	3,973	3,964
Part-time students	2,033	1,699	1,915	1,678
Education contracts	995	0	1,111	0
	<b>56,677</b>	<b>51,458</b>	<b>53,055</b>	<b>48,283</b>
<b>2 Funding body grants</b>				
<b>Recurrent grant</b>				
Higher Education Funding Council	2,622	2,622	3,440	3,440
Welsh Government	29,869	8	19,653	278
<b>Specific grants</b>				
Higher Education Funding Council	880	880	1,451	1,451
Welsh Government	6,033	0	4,751	0
	<b>39,404</b>	<b>3,510</b>	<b>29,295</b>	<b>5,169</b>
<b>3 Research grants and contracts</b>				
Research councils	33	33	58	58
Research charities	45	45	50	50
Other	378	378	218	218
	<b>456</b>	<b>456</b>	<b>326</b>	<b>326</b>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>4 Other income</b>				
Residences, catering and conferences	5,706	4,802	6,572	5,604
Other revenue grants	1,928	1,255	1,117	702
Other capital grants	0	0	500	0
Other income generating activities	6,457	4,096	5,830	3,599
Other income	6,959	6,667	7,250	6,389
	<b>21,050</b>	<b>16,820</b>	<b>21,269</b>	<b>16,294</b>
<b>5 Investment income</b>				
Investment income on endowments	302	302	346	346
Other investment income	93	65	359	333
Increase in fair value of derivative	1,358	1,358	0	0
	<b>1,753</b>	<b>1,725</b>	<b>705</b>	<b>679</b>
<b>6 Staff costs</b>				
Salaries	56,479	37,659	54,839	36,454
Social security costs	5,517	3,788	4,478	3,012
Movement on USS provision	205	205	573	573
Other pension costs	11,100	7,270	9,300	5,980
Total	<b>73,301</b>	<b>48,922</b>	<b>69,190</b>	<b>46,019</b>
			<b>2017</b>	<b>2016</b>
Emoluments of the Vice-Chancellor:			<b>£' 000</b>	<b>£' 000</b>
Salary			<b>223</b>	<b>218</b>
Benefits			<b>14</b>	<b>14</b>
Pension contributions to USS			<b>42</b>	<b>39</b>
			<b>279</b>	<b>271</b>

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 disclosed above represent 100% of the Vice Chancellor's emoluments.

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to the relevant HEFCW accounts direction) all shown before any salary sacrifice:

	<b>2017</b>	2016
	<b>No.</b>	No.
£100,000 to £109,999	1	0
£110,000 to £119,999	1	0
£120,000 to £129,999	0	0
£130,000 to £139,999	0	2
£140,000 to £149,999	2	0
	<u>4</u>	<u>2</u>

Average staff numbers by :	<b>No.</b>	No.
Academic Departments	<b>912</b>	866
Non Academic Departments	<b>866</b>	888
	<u>1,778</u>	<u>1,754</u>

**Key management personnel**

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. Compensation consists of salary and benefits including any employer's pension contributions.

	Year ended 31 July 2017 £ '000	Year ended 31 July 2016 £ '000
Key management personnel	<u>1,448</u>	<u>1,057</u>

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 £74K (2016-68K) are included in other operating expenses as they are recharged by invoice from the University of Wales.

**Council Members**

The University's Council members are the trustees for charitable law purposes. 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, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No council member has received any remuneration/waived payments from the group during the year (2016 - £nil).

The total expenses paid to or on behalf of 16 council members was £13K (2016 - £16K to 16 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity.

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>7 Interest and other finance costs</b>					
Finance leases	19	50	0	42	0
Loan Interest		334	334	0	0
Decrease in fair value of derivatives	19	0	0	2,035	2,035
Net charge on pension scheme	27	1,164	778	1,056	716
		<b>1,548</b>	<b>1,112</b>	<b>3,133</b>	<b>2,751</b>
<b>8 Analysis of total expenditure by activity</b>					
Academic and related expenditure		19,664	7,084	11,547	8,026
Administration and central services		12,258	9,796	10,265	8,581
Premises		6,964	5,127	6,150	4,559
Residences, catering and conferences		1,325	633	1,568	750
Other expenses		1,690	837	1,095	420
		<b>41,901</b>	<b>23,477</b>	<b>30,625</b>	<b>22,336</b>
Other operating expenses include:					
External auditor's remuneration in respect of audit services:					
These financial statements		46	46	54	54
Other group financial statements		56	0	49	0
External auditor's remuneration in respect of non-audit services					
Audit related assurance services		20	10	20	10
Tax compliance services		14	0	4	0
Tax advisory services		16	16	0	0
Operating lease rentals		640	463	778	496
		<b>Year Ended 31 July 2017</b>	<b>Year Ended 31 July 2016</b>		
		<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>9 Taxation</b>					
<b>Recognised in the statement of comprehensive income</b>					
<b>Current tax</b>					
Current tax expense		14	0	16	0
Adjustment in respect of previous years		2	0	(5)	0
<b>Current tax expense</b>		<b>16</b>	<b>0</b>	<b>11</b>	<b>0</b>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Deferred tax</b>				
Origination and reversal of timing differences	0	0	1	0
Reduction in tax rate	0	0	0	0
Recognition of previously unrecognised tax losses	0	0	0	0
<b>Deferred tax expense</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Total tax expense</b>	<b>16</b>	<b>0</b>	<b>12</b>	<b>0</b>

The UK Corporation tax rate reduced from 20% to 19% on 1st April 2017. A further reduction to 17% (effective 1st April 2020) was substantially enacted on 6th September 2016. This will reduce any current tax charges in future periods accordingly.

10 Intangible assets

Milk Quota	Year ended 31 July 2017	
	Consolidated £'000	University £'000
Cost 1 August 2016 and 31 July 2017	302	0
Amortisation 1 August 2016	302	0
Amortisation charge for the year	0	0
Amortisation 31 July 2017	302	0
Net book value 31 July 2016 and 2017	0	0

The intangible asset is for the milk quota in Coleg Sir Gar, one of the University's subsidiaries. The Quota has been fully amortised.

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

## NOTES TO THE ACCOUNTS

## 11 Tangible fixed assets

Consolidated	Freehold land and buildings	Assets Under Construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Totals
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Cost or Valuation</b>							
At 1 August 2016	139,943	16,431	18,532	37,275	264	472	212,917
Additions in the year	394	16,043	0	3,218	0	0	19,655
Disposals	(249)	0	0	(21)	0	(43)	(313)
At 31 July 2017	140,088	32,474	18,532	40,472	264	429	232,259
<b>Accumulated depreciation</b>							
At 1 August 2016	34,842	0	2,563	33,129	238	0	70,772
Charge for the year	3,075	0	367	2,143	7	0	5,592
Impairment	18,640	3,067	0	0	0	0	21,707
Disposals	(90)	0	0	(20)	0	0	(110)
At 31 July 2017	56,467	3,067	2,930	35,252	245	0	97,961
<b>Net book value</b>							
At 31 July 2017	83,621	29,407	15,602	5,220	19	429	134,298
At 31 July 2016	105,101	16,431	15,969	4,146	26	472	142,145
<b>University</b>							
<b>Cost or Valuation</b>							
At 1 August 2016	75,610	16,431	18,532	27,261	264	0	138,098
Additions in the year	394	15,538	0	1,068	0	0	17,000
Disposal	(249)	0	0	0	0	0	(249)
At 31 July 2017	75,755	31,969	18,532	28,329	264	0	154,849
<b>Accumulated depreciation</b>							
At 1 August 2016	15,730	0	2,563	24,827	238	0	43,358
Charge for the year	1,663	0	367	1,239	7	0	3,276
Impairment	18,640	3,067	0	0	0	0	21,707
Disposal	(90)	0	0	0	0	0	(90)
At 31 July 2017	35,943	3,067	2,930	26,066	245	0	68,251
<b>Net book value</b>							
At 31 July 2017	39,812	28,902	15,602	2,263	19	0	86,598
At 31 July 2016	59,880	16,431	15,969	2,434	26	0	94,740

**NOTES TO THE ACCOUNTS**
**12 Heritage assets**

The heritage assets include a collection of rare manuscripts, tracts, incunables and printed books. The last formal valuation of the heritage assets was undertaken in April 2012 by Bernard Quaritch Ltd. A desktop valuation review was undertaken in 2014 and confirmed no change to the April 2012 valuation.

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

There have been no acquisitions of heritage assets within the last four years.

**13 Investment properties**

<b>Consolidated</b>	<b>Freehold Property £' 000</b>
<b>Balance at 1 August 2016</b>	<u>18,734</u>
<b>Balance at 31 July 2017</b>	<u>18,734</u>
<b>University</b>	<b>Freehold Property £ '000</b>
<b>Balance at 1 August 2016</b>	<u>17,354</u>
<b>Balance at 31 July 2017</b>	<u>17,354</u>

**14 Non-Current Investments**

<b>Consolidated</b>	<b>Interest in Joint Venture (Note 15) £'000</b>	<b>Interest in associated undertaking £'000</b>	<b>Other fixed assets investments £'000</b>	<b>Total £'000</b>
<b>At 1 August 2016</b>	621	500	261	<b>1,382</b>
Additions	90	0	8	98
Disposals	0	0	0	0
Impairment	0	0	(2)	(2)
<b>At 31 July 2017</b>	<u>711</u>	<u>500</u>	<u>267</u>	<u>1,478</u>
Share of post-acquisition reserves				
At 1 August 2016	0	(350)	0	(350)
Retained profit less losses	(145)	(150)	0	(295)
At 31 July 2017	<u>(145)</u>	<u>(500)</u>	<u>0</u>	<u>(645)</u>
<b>Balance at 31 July 2017</b>	<u>566</u>	<u>0</u>	<u>267</u>	<u>833</u>
<b>Balance at 31 July 2016</b>	<u>621</u>	<u>150</u>	<u>261</u>	<u>1,032</u>
<b>University</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 August 2016</b>		<u>500</u>	<u>0</u>	<u>500</u>
<b>At 31 July 2017</b>		<u>500</u>	<u>0</u>	<u>500</u>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

The University has a 49% holding in the UW Centre for Advance Batch Manufacturing Ltd, the company undertakes research and consultancy to develop industrial specific solutions for SMEs. The Group's share of the operating loss of the associate for the year ended 31 July 2017 is £205,000 of which it has recognised £150,000, which is the extent of its equity investment in the business (2016 – loss £177,000).

**15 Investment in joint venture**

One of the University's subsidiaries, UWTSD Investments Limited, holds a 50% share of OSTC TSD LLP, a limited liability partnership. This is a joint venture owned equally by UWTSD Investments Limited and OSTC, a Commercial Company. The investment in OSTC TSD LLP is partly in share capital (£300,000 – 2016: £300,000) and partly as an unsecured loan, repayable on demand, with an interest rate of 4% over base rate (£410,978 – 2016: £320,978). 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 2016) is £145,000 (2016 –£nil).

**16 Stock**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Finished goods	267	259	252	245
Livestock for resale	191	0	167	0
	<b>458</b>	<b>259</b>	<b>419</b>	<b>245</b>

**17 Trade and other debtors**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	6,855	7,352	4,737	3,886
Prepayments and accrued income	6,241	4,504	6,072	4,798
Amounts due from subsidiary companies	0	11,539	0	11,449
	<b>13,096</b>	<b>23,395</b>	<b>10,809</b>	<b>20,133</b>

**18 Current Investments**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term investment in shares	4,579	4,579	4,275	4,275
Short term bonds	0	0	0	0
Short term deposits	12	0	20	0
	<b>4,591</b>	<b>4,579</b>	<b>4,295</b>	<b>4,275</b>



UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

**19 Creditors : amounts falling due within one year**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured loans (note 20)	360	360	410	410
Obligations under finance leases (note 20)	246	0	177	0
Trade creditors	5,196	5,179	2,524	1,711
Social security and other taxation payable	1,737	1,207	1,722	1,248
Accruals and deferred income	13,458	9,299	8,283	5,707
Amounts due to subsidiary companies	0	7,233	0	7,234
Derivatives	677	677	2,035	2,035
	<b>21,674</b>	<b>23,955</b>	<b>15,151</b>	<b>18,345</b>

The amounts due to subsidiaries are repayable on demand and are interest free.

The derivatives relate to an interest rate swap contract which is used to fix the rate of the University's loan to 1.425%. This is held at fair value and has been valued using mark to market.

**20 Creditors : amounts falling due after more than one year**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts due on land purchase	4,397	4,397	5,585	5,585
Obligations under finance leases	372	0	363	0
Secured loans	20,471	20,471	11,590	11,590
	<b>25,240</b>	<b>24,868</b>	<b>17,538</b>	<b>17,175</b>
Analysis of obligations under finance leases				
Due within one year (note 19)	246	0	177	0
Due between two and five years	372	0	363	0
<b>Total obligations under finance leases</b>	<b>618</b>	<b>0</b>	<b>540</b>	<b>0</b>

The amount due on the land purchase is the final payment on completion which is payable in March 2019.

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

Analysis of secured and unsecured loans:	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
Due within one year or on demand (note 19)	360	360	410	410
Due between one and two years	750	750	370	370
Due between two and five years	6,015	6,015	1,380	1,380
Due in five years or more	13,706	13,706	9,840	9,840
<b>Total secured and unsecured loans</b>	<b>20,831</b>	<b>20,831</b>	<b>12,000</b>	<b>12,000</b>
Secured loans repayable by 2026	20,831	20,831	12,000	12,000
	<b>20,831</b>	<b>20,831</b>	<b>12,000</b>	<b>12,000</b>

Lender	Amount £'000	Term	Interest rate %	Borrower
HSBC	11,680	To 2026	1.425	University
HSBC	9,151	To 2026	1.985	University

The HSBC loans are repayable in quarterly instalments with a final "bullet" repayment in July 2026. Repayment of the 1<sup>st</sup> loan commenced on 31 October 2016 with quarterly repayments of £80,000, increasing to £120,000 by 31 October 2019. Repayment of the 2<sup>nd</sup> loan will commence on 31 July 2019 with quarterly repayments of £350,000, increasing to £475,000 by 31 July 2023. Interest on the 1<sup>st</sup> loan is paid quarterly with the capital repayments. Interest on the 2<sup>nd</sup> loan is currently paid monthly but will be paid quarterly when the loan repayment commences.

21 Provisions for liabilities

Consolidated	Other £'000	Pension enhancements on termination £'000	Pension Scheme Rectification £'000	Total Provisions £'000
At 1 August 2016	461	3,148	38	3,647
Utilised in year	0	(343)	0	(343)
Released in year	(242)	0	0	(242)
Additions in year	0	161	0	161
<b>At 31 July 2017</b>	<b>219</b>	<b>2,966</b>	<b>38</b>	<b>3,223</b>

Other provisions at the beginning of the year included a provision (£242K) for a potential VAT liability arising in connection with transactions which one of the subsidiaries entered into prior to July 2002. An agreement was reached and settled with HMRC during the year resulting in release of the provision. The remaining provision at the end of the year (£219K) 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.

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

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

<b>University</b>	<b>Other £'000</b>	<b>Pension enhancements on termination £'000</b>	<b>Pension Scheme Rectification £'000</b>	<b>Total Pensions Provisions £'000</b>
At 1 August 2016	0	1,921	38	1,959
Utilised in year	0	(253)	0	(253)
Additions in year	0	139	0	139
<b>At 31 July 2017</b>	<b>0</b>	<b>1,807</b>	<b>38</b>	<b>1,845</b>

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

**22 Endowment Funds**

**Consolidated**

Restricted net assets relating to endowments are as follows:

	<b>Unrestricted permanent endowment £'000</b>	<b>Restricted permanent endowment £'000</b>	<b>Restricted expendable endowment £'000</b>	<b>2017 Total £'000</b>	<b>2016 Total £'000</b>
<b>Balance at 1 August 2016</b>					
Capital	1,037	3,941	20	4,998	5,027
Accumulated income	2,633	1,543	0	4,176	4,072
	<u>3,670</u>	<u>5,484</u>	<u>20</u>	<u>9,174</u>	<u>9,099</u>
Investment income	1	301	0	302	346
Expenditure	0	(181)	(2)	(183)	(244)
(Decrease) / increase in market value of investments	0	395	2	397	(27)
	<u>1</u>	<u>515</u>	<u>0</u>	<u>516</u>	<u>75</u>
<b>Total endowment comprehensive income for the year</b>	<b>1</b>	<b>515</b>	<b>0</b>	<b>516</b>	<b>75</b>
Transfer to Unrestricted reserve	(2,621)	0	0	(2,621)	0
<b>At 31 July 2017</b>	<b>1,050</b>	<b>5,999</b>	<b>20</b>	<b>7,069</b>	<b>9,174</b>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

Represented by:

Capital	1,038	4,333	20	<b>5,391</b>	4,998
Accumulated income	12	1,666	0	<b>1,678</b>	4,176
	<b>1,050</b>	<b>5,999</b>	<b>20</b>	<b>7,069</b>	<b>9,174</b>

Analysis by type of purpose:

Lectureships	0	3,025	0	<b>3,025</b>	2,724
Fellowships, scholarships and prize funds	23	1,390	20	<b>1,433</b>	1,267
General	1,027	1,584	0	<b>2,611</b>	5,183
	<b>1,050</b>	<b>5,999</b>	<b>20</b>	<b>7,069</b>	<b>9,174</b>

Analysis by asset

Investments				4,599	4,294
Cash				2,559	4,981
Creditors				(89)	(101)
				<b>7,069</b>	<b>9,174</b>

During the year the University transferred some funds from unrestricted permanent endowments to unrestricted reserves. These transfer funds were taken from accumulated income which the University is entitled to use for general purposes. The funds have been used to support the development of the new academic buildings in Swansea SA1.

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

**University:**

Restricted net assets relating to endowments are as follows:

	Unrestricted permanent endowments £'000	Restricted permanent endowments £'000	2017 Total £'000	2016 Total £'000
<b>Balances at 1 August 2016</b>				
Capital	1,026	3,689	4,715	4,743
Accumulated income	2,621	1,538	4,159	4,048
	3,647	5,227	8,874	8,791
Investment income	1	301	302	346
Expenditure	0	(176)	(176)	(235)
(Decrease) / increase in market value of investments	0	395	395	(28)
	1	520	521	83
<b>Total endowment comprehensive income for the year</b>	(2,621)	0	(2,621)	0
Transfer to Unrestricted reserve				
	1,027	5,747	6,774	8,874
<b>At 31 July 2017</b>				
<b>Represented by:</b>				
Capital	1,027	4,086	5,113	4,715
Accumulated income	0	1,661	1,661	4,159
	1,027	5,747	6,774	8,874
<b>Analysis by type of purpose:</b>				
Lectureships	0	3,025	3,025	2,724
Fellowships, scholarships and prize funds	0	1,353	1,353	1,223
General	1,027	1,369	2,396	4,927
	1,027	5,747	6,774	8,874
<b>Analysis by asset</b>				
Investments			4,579	4,274
Cash			2,284	4,701
Creditors			(89)	(101)
			6,774	8,874

UNIVERSITY OF WALES: TRINITY SAINT DAVID

NOTES TO THE ACCOUNTS

23 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	At 31st July 2017		At 31st July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	3,794	0	109	0
Commitments authorised	42,507	42,507	30,570	30,570
	<u>46,301</u>	<u>42,507</u>	<u>30,679</u>	<u>30,570</u>

24 Lease obligations

Total rentals payable under operating leases:

	At 31st July 2017			At 31 July 2016
	Land and Buildings £'000	Other leases £'000	Total £'000	Total £'000
Payable during the year	323	317	640	778
<b>Future minimum lease payments due:</b>				
Not later than 1 year	358	138	496	588
Later than 1 year and not later than 5 years	344	182	526	916
Later than 5 years	0	0	0	0
<b>Total lease payments due</b>	<u>702</u>	<u>320</u>	<u>1,022</u>	<u>1,504</u>

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

### NOTES TO THE ACCOUNTS

#### 25 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Eclectica Drindod Limited	Deliver third mission activity	UWTSD parent due to its power to appoint directors
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	Dormant	100% owned
Coleg Sir Gar	Further education	100% owned
Coleg Ceredigion	Further education	100% owned

#### 26 Related party transactions

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 : £11,775 receivable (2016: £25,887), £34,569 payable (2016 £57,339)  
Total income £104,296 (2016 £101,571) Total purchases £217,974 (2016 £286,134)

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 15.

Balances: £410,978 receivable (2016: £320,978) £0 payable (2016: £nil)  
Total income £0 (2016: 0) Total purchases £0 (2016: £nil)

UW Advanced Batch Manufacturing is a related party in that it is an associate company that the University has an interest in.

Balances £0 receivable (2016 nil) £0 payable (2016: £ nil)  
Total income £0 (2016 0) Total purchases £0 (2016: £nil)

Academy of Sinology is deemed a related party in that the Vice Chancellor is a director of the company.

Balances: £264,000 receivable (2016 nil) £85,000 payable (2016: £nil)  
Total income £264,000 (2016: nil) Total purchases £85,000 (2016: £nil)

UNIVERSITY OF WALES: TRINITY SAINT DAVID

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.

The total pension costs included in the consolidated accounts are:

**Staff Costs:**

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
<b>TPS contributions</b>				
University of Wales: Trinity Saint David	1,309	1,309	1,373	1,373
Coleg Sir Gar	1,443	0	1,362	0
Coleg Ceredigion	292	0	284	0
<b>USS contributions</b>				
University of Wales: Trinity Saint David	3,491	3,491	2,727	2,727
<b>Local Government contributions</b>				
University of Wales Trinity Saint David	1,861	1,861	1,865	1,865
Less recharged to subsidiary	0	(2)	0	(3)
Coleg Sir Gar	1,022	0	993	0
Coleg Ceredigion	211	0	183	0
<b>In House Scheme</b>				
University of Wales Trinity Saint David	222	222	237	237
<b>FRS102 adjustment</b>				
University of Wales Trinity Saint David	275	275	(312)	(312)
Movement on USS provision	205	205	533	533
Coleg Sir Gar	687	0	303	0
Coleg Ceredigion	213	0	93	0
<b>Restructuring Provision</b>				
University of Wales Trinity Saint David	114	114	133	133
Coleg Sir Gar	(40)	0	38	0
Coleg Ceredigion	0	0	61	0
<b>Total Pension costs per note 6</b>	<b>11,305</b>	<b>7,475</b>	<b>9,873</b>	<b>6,553</b>
<b>Interest Costs:</b>				
Local Government - University	538	538	488	488
Local Government – Coleg Sir Gar	338	0	306	0
Local Government – Coleg Ceredigion	48	0	34	0
In House Scheme – University	114	114	119	119
USS – University	126	126	109	109
<b>Total Pension interest cost per note 7</b>	<b>1,164</b>	<b>778</b>	<b>1,056</b>	<b>716</b>



UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

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

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In House Scheme</b>				
University of Wales: Trinity Saint David	<b>2,960</b>	<b>2,960</b>	4,593	4,593
<b>USS Pension Scheme</b>				
University of Wales: Trinity Saint David	<b>5,386</b>	<b>5,386</b>	5,055	5,055
<b>Local Government Schemes</b>				
University of Wales: Trinity Saint David	<b>11,150</b>	<b>11,150</b>	16,550	16,550
University of Wales: Trinity Saint David	<b>5,805</b>	<b>5,805</b>	6,601	6,601
Coleg Sir Gar	<b>12,639</b>	<b>0</b>	13,535	0
Coleg Ceredigion	<b>1,810</b>	<b>0</b>	2,052	0
<b>Liability at 31 July</b>	<b>39,750</b>	<b>25,301</b>	48,386	32,799

**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 2016 and updated on 31 July 2017 by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.7</b>	3.2	3.7
Rate of increase in pensions	<b>2.2</b>	1.8	2.2
Discount rate	<b>2.6</b>	2.6	3.8
Rate of inflation	<b>2.2</b>	1.7	2.2

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Retiring today</b>			
Males	<b>22.8</b>	23.4	23.3
Females	<b>25.5</b>	25.9	25.8
<b>Retiring in 20 years</b>			
Males	<b>25.0</b>	25.7	25.5
Females	<b>27.8</b>	28.2	28.1

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

At the last actuarial valuation date, the market value of the assets of the scheme was £1,581million and the present value of the scheme liabilities was £1,780million. Representing a funding level of 89% and a deficit of £199million.

The split of the scheme assets was:

	Split at 31 July 2017 £'000	Split at 31 July 2016 £'000	Split at 31 July 2015 £'000
Equities	70.9%	68.9%	69.7%
Government Bonds	9.2%	10.5%	9.7%
Other Bonds	9.5%	9.5%	9.8%
Property	9.7%	10.8%	10.3%
Cash/liquidity	0.7%	0.3%	0.5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Dyfed Scheme - University of Wales Trinity Saint David**

The following amounts at 31 July 2017, 31 July 2016 and at 31 July 2015 were measured in accordance with the requirements of FRS102

	31 July 2017 £ '000	31 July 2016 £ '000	31 July 2015 £ '000
Fair value of assets	20,306	18,274	16,045
Present value of scheme liabilities	<u>(26,111)</u>	<u>(24,875)</u>	<u>(19,926)</u>
(Deficit) in the scheme	<u>(5,805)</u>	<u>(6,601)</u>	<u>(3,881)</u>

**Analysis of amount charged to operating profit**

	2017 £ '000	2016 £ '000
Current service cost	(700)	(525)
Administration expenses	(14)	(12)
Curtailment	(42)	0
Total operating charge	<u>(756)</u>	<u>(537)</u>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

<b>Analysis of finance income and charges</b>	<b>2017</b> <b>£ '000</b>	<b>2016</b> <b>£ '000</b>
Expected return on assets	455	613
Interest on pension liabilities	(613)	(751)
Net finance cost	<u>(158)</u>	<u>(138)</u>

**Movement in scheme deficit during the year**

	<b>2017</b> <b>£ '000</b>	<b>2016</b> <b>£ '000</b>
(Deficit)/Surplus in scheme at beginning of the year	(6,601)	(3,881)
<b>Movement in year</b>		
Current service cost	(756)	(537)
Contributions paid by the employer	511	515
Net finance cost	(158)	(138)
Actuarial gain/(loss)	1,199	(2,560)
Deficit in scheme at the end of the year	<u>(5,805)</u>	<u>(6,601)</u>

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

	<b>2017</b> <b>£ '000</b>	<b>2016</b> <b>£ '000</b>
At 1 August	(24,875)	(19,926)
Current service cost	(700)	(525)
Interest cost	(613)	(751)
Member contributions	(164)	(164)
Actuarial losses	(524)	(4,010)
Curtailment	(42)	0
Benefits paid	807	501
At 31 July	<u>(26,111)</u>	<u>(24,875)</u>

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

	<b>31 July 2017</b> <b>£ '000</b>	<b>31 July 2016</b> <b>£ '000</b>
At 1 August	18,274	16,045
Expected rate of return on scheme assets	455	613
Re measurement gains on assets	1,723	1,450
Administration expenses	(14)	(12)
Employer contributions	511	515
Members contributions	164	164
Benefits paid	(807)	(501)
At 31 July	<u>20,306</u>	<u>18,274</u>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

**Dyfed Scheme – Coleg Sir Gar**

The following amounts at 31 July 2017, 31 July 2016 and at 31 July 2015 were measured in accordance with the requirements of FRS102:

	<b>2017</b>	2016	2015
	<b>£'000</b>	£'000	£'000
Fair value of assets	<b>37,808</b>	32,356	28,393
Liabilities	<b>(50,447)</b>	(45,891)	(36,934)
(Deficit) in the scheme/net pension (liability)	<b>(12,639)</b>	(13,535)	(8,541)

In accordance with FRS102, the following components of the pension charge have been recognised in the Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017 and 31 July 2016:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	<b>(1,674)</b>	(1,267)
Administration cost	<b>(34)</b>	(28)
Curtailment cost	<b>0</b>	0
Operating cost	<b>(1,708)</b>	(1,295)
<b>Analysis of finance income and charges</b>		
Expected return on assets	<b>848</b>	1,085
Interest on pension liabilities	<b>(1,186)</b>	(1,391)
Net finance cost	<b>(338)</b>	(306)

## NOTES TO THE ACCOUNTS

<b>Movement in the College's share of the scheme's deficit during the year</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£ '000</b>
(Deficit) in scheme as at 1 August	<b>(13,535)</b>	(8,541)
Operating cost	<b>(1,708)</b>	(1,296)
Net finance income/(cost)	<b>(338)</b>	(306)
Actuarial gain/(loss)	<b>1,920</b>	(4,385)
Contributions	<b>1,022</b>	993
(Deficit) in scheme as at 31 July	<b>(12,639)</b>	(13,535)

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at start of period	<b>(45,891)</b>	(36,934)
Current service cost	<b>(1,674)</b>	(1,267)
Interest cost	<b>(1,186)</b>	(1,391)
Contribution by scheme participants	<b>(352)</b>	(340)
Actuarial gain/(loss)	<b>(2,172)</b>	(6,953)
Benefits paid	<b>828</b>	994
Curtailments and settlements	<b>0</b>	0
Liabilities at end of period	<b>(50,447)</b>	(45,891)

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Assets at start of period	<b>32,356</b>	28,393
Expected return on assets	<b>848</b>	1,085
Actuarial gain/(loss)	<b>4,092</b>	2,568
Administration expenses	<b>(34)</b>	(29)
Contributions by the employer	<b>1,022</b>	993
Contributions by the scheme participant	<b>352</b>	340
Benefits paid	<b>(828)</b>	(994)
Assets at end of period	<b>37,808</b>	32,356

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

**Dyfed Scheme – Coleg Ceredigion**

The following amounts at 31 July 2017, 31 July 2016 and at 31 July 2015 were measured in accordance with the requirements of FRS102:

	<b>2017</b>	2016	2015
	<b>£'000</b>	£'000	£'000
Market value of assets	<b>9,702</b>	8,809	7,801
Liabilities	<b>(11,512)</b>	(10,861)	(8,784)
(Deficit) in the scheme/net pension (liability)	<b>(1,810)</b>	(2,052)	(983)

In accordance with FRS102, the following components of the pension charge have been recognised in the Statement of Comprehensive Income and Expenditure account and statement of total recognised gains and losses for the year ended 31 July 2017 and 31 July 2016:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	<b>(416)</b>	(276)
Administration charge	<b>(8)</b>	(6)
Operating cost	<b>(424)</b>	(282)
	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>Analysis of finance income and charges</b>		
Expected return on assets	<b>220</b>	297
Interest on pension liabilities	<b>(268)</b>	(331)
Net finance cost	<b>(48)</b>	(34)

**NOTES TO THE ACCOUNTS****Movement in scheme deficit for the year**

	2017 £'000	2016 £'000
(Deficit) in scheme as at 1 August	(2,052)	(983)
Operating cost	(424)	(282)
Net finance cost	(48)	(34)
Actuarial gain/(loss)	503	(936)
Contributions	211	183
(Deficit) in scheme as at 31 July	<u>(1,810)</u>	<u>(2,052)</u>

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

	2017 £'000	2016 £'000
Liabilities at start of period	(10,861)	(8,784)
Current service cost	(416)	(276)
Interest cost	(268)	(331)
Contribution by scheme participants	(83)	(72)
Actuarial gain/(loss)	(211)	(1,638)
Benefits paid	327	240
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>(11,512)</u>	<u>(10,861)</u>

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

	2017 £000	2016 £000
Assets at start of period	8,809	7,801
Expected return on assets	220	297
Actuarial gain	714	702
Contributions by the employer	211	183
Administration charge	(8)	(6)
Contributions by the scheme participant	83	72
Benefits paid	(327)	(240)
Assets at end of period	<u>9,702</u>	<u>8,809</u>

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

### NOTES TO THE ACCOUNTS

#### Swansea Scheme – University of Wales Trinity Saint David

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 2016 by independent actuaries.

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

	%
Rate of increase in pensionable pay	3.9
Rate of increase in pensions in payment	2.4
Discount rate:	
- in service	5.6
- left service	5.6
Inflation assumption	2.9

The valuation states that the assets held at the valuation date amounted to £1,277.6 million and, represented a shortfall of assets relative to the funding target of £302.6 million. This corresponds to a funding ratio of 81%.

The actuaries have calculated an aggregate employer future service contribution rate of 14.6% from 1 April 2011. This is the rate of employer contribution that would normally be appropriate if the fund had no surplus or shortfall and the assets were exactly equal to the funding target. There is an additional shortfall contribution payable from 1 April 2011 required to eliminate the shortfall within 25 years and this is approximately equivalent to 5.9% of pensionable pay per annum, giving an aggregate contribution rate of 20.5%.

#### FRS102 disclosure

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2013 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2017. The projected unit method was used.

#### Principal financial assumptions

	31 July 2017	31 July 2016	31 July 2015
Rate of increase in salaries*	3.5%	3.3%	3.5%
Rate of increase in pensions in payment**	2.0%	1.8%	2.0%
Rate of increase in deferred pensions**	2.0%	1.8%	2.0%
Discount rate	2.6%	2.4%	3.5%
CPI Inflation assumption	2.0%	1.8%	2.0%

\* The actuaries have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2013

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



**NOTES TO THE ACCOUNTS****Principal demographic assumptions**

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:

	31 July 2017	31 July 2016
Male		
Future lifetime from age 65 (currently aged 65)	22.9	22.7
Future lifetime from age 65 (currently aged 45)	24.5	24.9
Female		
Future lifetime from age 65 (currently aged 65)	24.4	25.2
Future lifetime from age 65 (currently aged 45)	26.2	27.5

**Asset allocation**

The approximate split of assets for the Fund as a whole (based on data supplied by Fund Administering Authority) is shown in the table below.

	2017	2016	2015
	%	%	%
Equities	77.4	74.6	73.9
Property	4.9	5.4	4.9
Government			
Bonds	11.2	12.7	12.8
Corporate	0.9	1.0	1.0
Bonds			
Cash	2.8	3.2	3.0
Other*	2.8	3.1	4.4
Total	100.0	100.0	100.0

\*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.

<b>Reconciliation of funded status to balance sheet</b>	<b>2017</b>	2016	2015
	£'000	£'000	£'000
Fair value of assets	29,710	26,280	23,200
Present value of funded liabilities	(40,860)	(42,830)	(33,980)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(11,150)</b>	<b>(16,550)</b>	<b>(10,780)</b>

## NOTES TO THE ACCOUNTS

<b>Analysis of amounts charged to operating profit</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(1,400)	(1,060)
<b>Total operating charge</b>	<b>(1,400)</b>	<b>(1,060)</b>
<b>Analysis of finance income charges</b>		
Expected return on pension scheme assets	640	830
Interest on pension scheme liabilities	(1,020)	(1,180)
<b>Net Financing Cost</b>	<b>(380)</b>	<b>(350)</b>
<b>Analysis of the movement in the present value of the scheme liabilities</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening present value of liabilities</b>	<b>42,830</b>	<b>33,980</b>
Current service cost	1,400	1,060
Interest Cost	1,020	1,180
Contributions by participants	240	260
Actuarial (gains)/losses on liabilities	(3,710)	6,910
Net benefits paid out	(920)	(560)
<b>Closing present value of liabilities</b>	<b>40,860</b>	<b>42,830</b>
<b>Analysis of the movement in the present value of the scheme assets</b>	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Opening fair value of assets</b>	<b>26,280</b>	<b>23,200</b>
Expected return on assets	640	830
Remeasurement gains on assets	2,120	1,200
Contributions by the employer	1,350	1,350
Contributions by participants	240	260
Net benefits paid out	(920)	(560)
<b>Closing fair value of assets</b>	<b>29,710</b>	<b>26,280</b>

**NOTES TO THE ACCOUNTS**

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

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

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 2014 and updated to 31 July 2017 by a qualified actuary, independent of the plan's sponsoring employer.

The results of the 31 July 2014 valuation showed a deficit of £1,073,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 8 years from 1 August 2015 by the payment of monthly contributions of £9,167 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 18.77% 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 next valuation is due as at 31 July 2017.

The material assumptions used by the actuary as at 31 July 2017, and for the comparative period, were as follows:

	<b>2017</b>	2016	2015
	<b>% per annum</b>	% per annum	% per annum
Rate of increase in salaries	<b>4.4</b>	4.0	4.2
Rate of increase in pensions in payment	<b>3.3</b>	2.9	3.1
Discount rate	<b>2.6</b>	2.5	3.5
Inflation assumption (CPI)	<b>2.5</b>	2.1	2.3
Revaluation rate for deferred pensioners	<b>2.5</b>	2.5	2.5
Allowance for commutation of pension for cash at retirement	<b>Maximum Allowed</b>	Maximum Allowed	Maximum Allowed

The mortality assumptions adopted at 31 July 2017 imply the following life expectancies:

Male retiring at age 65 in 2017	21.2 years
Female retiring at age 65 in 2017	23.1 years
Male retiring at age 65 in 2037	22.6 years
Female retiring at age 65 in 2037	24.6 years

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

The assets of the scheme for each period were:

	2017 £'000	2016 £'000	2015 £'000
Equities	7,725	6,814	6,196
Bonds	9,398	9,130	7,812
Other	1,624	1,387	1,348
	<u>18,747</u>	<u>17,331</u>	<u>15,356</u>

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

	2017 £'000	2016 £'000	2015 £'000
Fair value of scheme assets	18,747	17,331	15,356
Present value of scheme liabilities	<u>(21,707)</u>	<u>(21,924)</u>	<u>(18,794)</u>
<b>Deficit (net pension liability)</b>	<u><b>(2,960)</b></u>	<u><b>(4,593)</b></u>	<u><b>(3,438)</b></u>

**Analysis of the amount charged to operating profit**

	2017 £'000	2016 £'000
Current service cost	187	146
Expenses	15	47
<b>Total operating charge</b>	<u><b>202</b></u>	<u><b>193</b></u>

**Analysis of finance income and charges**

	2017 £'000	2016 £'000
Interest income	431	535
Interest on pension liabilities	<u>(545)</u>	<u>(654)</u>
<b>Net finance cost</b>	<u><b>(114)</b></u>	<u><b>(119)</b></u>

**Defined benefit cost recognised in other comprehensive income statement**

	2017 £'000	2016 £'000
Return on plan assets – gain	1,187	1,598
Experienced (losses) arising on plan liabilities	42	99
Change in financial and demographic assumptions underlying the plan	<u>498</u>	<u>(2,777)</u>
<b>Total gain/(loss) recognised in the other comprehensive income statement</b>	<u><b>1,727</b></u>	<u><b>(1,080)</b></u>

UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

Movement in the scheme deficit during the year:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Deficit at 1 August	<b>(4,593)</b>	(3,438)
Movement in year:		
Current service cost	<b>(187)</b>	(146)
Net interest payable	<b>(114)</b>	(119)
Contributions	<b>222</b>	237
Expenses	<b>(15)</b>	(47)
Actuarial (loss)/gain	<b>1,727</b>	(1,080)
<b>Deficit at 31 July</b>	<b>(2,960)</b>	(4,593)

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

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Scheme liabilities at start of period	<b>21,924</b>	18,794
Current service cost	<b>187</b>	146
Interest cost	<b>545</b>	654
Contributions by scheme participants	<b>29</b>	29
Actuarial loss/(gain)	<b>(540)</b>	2,678
Benefits paid, death in service insurance premiums and expenses	<b>(453)</b>	(424)
Expenses	<b>15</b>	47
Scheme liabilities at end of period	<b>21,707</b>	21,924

**Analysis of movement in the market value of scheme assets**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Fair value of scheme assets at start of period	<b>17,331</b>	15,356
Interest income	<b>431</b>	535
Actuarial gains	<b>1,187</b>	1,598
Contributions by employer	<b>222</b>	237
Contributions by scheme participants	<b>29</b>	29
Benefits paid, death in service insurance premiums and expenses	<b>(453)</b>	(424)
Fair value of scheme assets at end of period	<b>18,747</b>	17,331

**Teachers' Pension Scheme**

The latest actuarial valuation of the scheme was as at 31 March 2012. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme in June 2014. The GA concluded that, at the date of the valuation, the liabilities in the scheme were £191.5bn and the value of the assets was £176.6bn giving a notional past service deficit of £15.0bn

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

### NOTES TO THE ACCOUNTS

The total recommended rate of contribution payable by employers from 1 April 2015 is 16.4% (previously 14.1%) of salary.

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2004 valuation, are shown below:

Latest actuarial valuation	31 March 2012	31 March 2004
Actuarial method	prospective benefits	prospective benefits
Discount rate:		
Real	3.00%	3.50%
Nominal	5.06%	6.50%
Pensions increases	2.00%	2.90%
Long term salary growth	4.75%	4.40%
-In excess of assumed	2.75%	1.50%

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.

### USS

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final pensionable salary.

The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other University's' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total cost charged to the income and expenditure account is £3,822k (2016 - £3,409K). The latest available full actuarial valuation of the scheme was at 31 March 2014, which was carried out using projected unit method. Since the University cannot identify its share of the scheme assets and liabilities the following disclosures reflect those relevant for the scheme as a whole.

**NOTES TO THE ACCOUNTS**

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004. As at 31 March 2014, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provision was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increase in earnings.

**Assumptions**

The financial assumptions adopted for the 2014 valuation are shown below:

	2014
Discount rate	3.6%
Pensionable salary growth	CPI in year 1, CPI +1% in year 2 and RPI + 1.0% p.a. thereafter
Pension increase (CPI)	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's tables.

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% per annum long term rate were also adopted. The current life expectancies on retirement age at 65:

	2014
Males currently aged 65 years	24.2
Females currently aged 65 years	26.2
Males currently aged 45 years	26.3
Females currently aged 45 years	28.6

The USS scheme is in deficit and a funding plan has been agreed. The University has therefore recognised a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in the income and expenditure account.

## UNIVERSITY OF WALES: TRINITY SAINT DAVID

**NOTES TO THE ACCOUNTS**

The University has agreed to a 16 year deficit reduction plan on 31<sup>st</sup> July 2015. The present value of the future payments under this deficit reduction plan has been determined using a deficit modeller produced by USS. A discount rate of 2.6% (2016 2.5%) has been used to calculate the present value of future payments.

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Opening deficit	<b>(5,055)</b>	(4,373)
Current service cost	<b>(3,070)</b>	(2,506)
Change in deficit reduction plan assumptions	<b>(626)</b>	(794)
USS Pension cost in the Consolidated statement of comprehensive income and expenditure	<b>(3,696)</b>	(3,300)
Net interest cost	<b>(126)</b>	(109)
Contribution from the University	<b>3,491</b>	2,727
Closing Deficit	<b>5,386</b>	5,055