

**University of Wales:
Trinity Saint David**

Charity number: **1149535**

**Consolidated Financial Statements
For the year ended 31 July 2023**

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MEMBERS AND EXTERNAL ADVISORS

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

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

The Venerable Randolph Thomas (Chair) – independent (100%) (to 31.08.2023) (2022: 100%)

Emlyn Dole (Chair) – independent (from 01.09.2023) (n/a) (2022: n/a)

Prof Medwin Hughes (Vice-Chancellor) – executive (100%) (to 31.08.2023) (100%) (2022: 100%)

Prof Elwen Evans KC (Vice-Chancellor) (from 01.09.2023) (2022: n/a)

Justin Albert OBE – independent (86%) (2022: 50%)

Natalie Beard – student (Appointed 01.07.2023) (100%)

Professor Kyle Erickson – staff (Appointed 07.03.2023) (66%)

Siwan Davies – independent (Resigned 31.05.2023) (100%) (2022: 50%)

Taya Gibbons – student (86%) (2022: 0%)

Rowland Jones – independent (100%) (2022: 80%)

Vanessa Liverpool – student (On authorised absence from 15.03.2023; resigned 30.06.2023) (25%) (2022: 60%)

Prof Conny Matera-Rogers – staff (100%) (2022: 80%)

Arwel Ellis Owen OBE – independent (86%) (2022: 80%)

Matthew Peake – staff (Resigned 07.12.2022) (100%) (2022: 40%)

Timothy J Llewelyn – independent (Appointed 01.01.2023) (100%) (2022: n/a)

Victoria Provis – independent (Resigned 31.07.2023) (86%) (2022: 60%)

Geraint Roberts – independent (86%) (2022: 80%)

Emlyn Schiavone – independent (100%) (2022: 75%)

Dr Liz Siberry OBE – independent (86%) (2022: 80%)

Nigel Roberts – independent (Appointed 31.03.2023) (100%) (2022: n/a)

Maria Stedman – independent (86%) (2022: 80%)

Dr Kerry Tudor – staff (57%) (2022: 80%)

Uzo Iwobi – independent (57%) (2022: 50%)

Dr Peter Spring – staff (100%) (2022: 0%)

Clerk and secretary: Sarah Clark (Resigned 31.08.2023) (100%) (2022: 100%)

Clerk and secretary: Rebecca Doswell (Appointed 01.09.2023) (2022: n/a)

MEMBERS AND EXTERNAL ADVISORS

Administrative Details

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

Professional Advisors

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

Scope of the Financial Statements

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

- University of Wales: Trinity Saint David
- Trinity University College Limited
- Trinity College
- Eclectica Drindod Limited
- UWTSD Learning Centres Limited (Company dissolved 12th October 2021)
- UWTSD Investments Limited
- Y Ganolfan Dysgu Cymraeg Genedlaethol
- Coleg Sir Gâr
- Coleg Ceredigion
- Mentrau Creadigol Cymru
- UW Centre for Advance Batch Manufacture Limited
- OSTC Trinity St David LLP (Joint Venture)
- UWTSD Innovation Centres Limited
- Swansea Business School Limited

MEMBERS AND EXTERNAL ADVISORS

Legal Status

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

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

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

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

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

UWTSD Investments Limited is a wholly owned subsidiary of UWTSD.

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

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

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

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

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

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

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

Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2023 have been prepared in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2019, the Accounts Direction for 2022/23 issued by the Higher Education Funding Council for Wales, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The consolidated financial statements for the year to 31 July 2023 have been prepared on a going concern basis as detailed on page 28.

INTRODUCTION BY THE VICE-CHANCELLOR

On the 1st of September 2023 I was privileged to take over as Vice-Chancellor of the University of Wales Trinity Saint David. It is humbling and exciting to be entrusted with leading an Institution which has such a significant and historic legacy. I am grateful to everyone who has helped me over my first few months and greatly look forwards to working with colleagues both inside and outside of the University. Globally the sector faces many challenges but I am confident that, working together, we will be able to forge a future strategy that celebrates our values and meets the needs of the many communities and people that we serve.

As this introduction forms part of the University's Consolidated Financial Statements for the year ending the 31st of July 2023 it inevitably reflects the work of others. It is a great pleasure to be able to express my gratitude to Professor Medwin Hughes CBE, DL and the Venerable Randolph Thomas on their retirement. As Vice-Chancellor and Chair of Council they have shown exceptional leadership and steadfast commitment to the University over the course of many years. They have made transformational contributions to education in the University, in Wales and beyond. Some small indication of their work and passion is evidenced in the "Operating and Financial Review" that follows in the body of this document.

During the last few months I have had the enormous pleasure of meeting colleagues from across our wonderfully broad and diverse University as we look to meet sector challenges and build on past successes in identifying our future strategic plans and ambitions. Next steps will be informed by listening to colleagues' views, understanding complex institutional identities, drawing on a wide range of valuable and valued experiences and enhancing an environment that is welcoming, inclusive and supportive.

There are some powerful themes that have emerged across all of our campuses and communities: making a tangible difference to the wellbeing of those we serve, putting students and their experience at the heart of our mission, transforming lives through education, supporting students to achieve their full potential, undertaking research and knowledge exchange that is impactful and relevant, ensuring that we contribute to the economic wellbeing of our regions and putting civic engagement at the heart of our identity. We are proud that our group includes Coleg Sir Gâr and Coleg Ceredigion and we will build on the benefits of our dual sector structure.

In order to embrace the future our priority must be to ensure and enhance institutional sustainability and resilience with a clear focus on people, place and purpose. We will work collaboratively to design and deliver a strategy for success as an Institution that meets the needs of the second quarter of the 21st Century.

I am very grateful to our new Chair of Council, Emlyn Doyle, to the members of the University Council, its Committees, our constituent Colleges and beyond for unstinting assistance, guidance and advice. My unqualified thanks also go to our staff and students - and to all of those without whom the University could not flourish. Thank-you.



Prof Elwen Evans KC (Vice-Chancellor)

INTRODUCTION BY THE CHAIR OF COUNCIL

I'm pleased to introduce the Annual Report and Financial Operating Statement for the academic year 2022-23. As a newly appointed Chair of Council, I am indebted to my fellow Council Members and to the former Chair, the Venerable Randolph Thomas and Vice-Chancellor, Professor Medwin Hughes, CBE, DL for their achievements during the period of this report.

Planning for the transition of the leadership of the Council and University was a significant undertaking. Both the Vice-Chancellor, Professor Elwen Evans, KC, and I assumed our roles at the beginning of September. The Council also welcomed new members who bring their expertise from a wide spectrum of professional disciplines, and I look forward to working with them.

The University was not immune to the challenges faced by the sector and the country. The rising costs of living, managing the aftermath of the COVID-19 pandemic, as well as global geopolitical factors impacted the University's operating environment. However, such challenges were met by the dedication and commitment of our community, particularly in ensuring that the quality of the student experience was the priority. The University's performance in national league tables was heartening and reflected the institution's commitment to teaching and learning and for its services to students. UWTSO was ranked 2nd in Wales and was in the top 10 in the UK for overall Student Satisfaction (students taught by the provider), 1st in Wales for Learning Opportunities and 1st in Wales for Communication of Mental Wellbeing Support in the National Student Survey (2023). The University was also ranked in the top 10 in the UK for lecturers and teaching quality in the Whatuni Student Choice Awards 2023.

It was pleasing to see staff acknowledged for their achievements in the annual NEXUS teaching and learning awards held at the end of the academic year. The University commitment to academic excellence is evidenced through the provision of high-quality bilingual teaching which is informed by staff scholarship, research, and professional practice. The delivery of our teaching is through methods that engage and challenge learners. In addition, the University's reputation for applied research was enhanced by the Assistive Technologies Innovation Centre which won the Benefitting Society Award at the Green Gown Awards UK and Ireland. The University continued to play a significant role in the life of the region. The campuses act as strategic economic, cultural, and social anchors, which create a distinctive sense of place and provide opportunities to widening access and increase participation in higher education. The University is renowned for its focus on widening access to higher education and for working within communities to provide opportunities for individuals to gain university qualifications. Such opportunities are provided at locations in South Wales as well as in London and Birmingham. The impact of this work makes an invaluable contribution to the wellbeing of such communities.

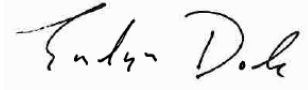
During the year, the University continued to work with a range of internal and external stakeholders to define each campus' offer to promote their unique character and distinctiveness as well as to ensure that the University's provision addresses skills needs within the region. Canolfan S4C Yr Egin and the Tir Glas initiative are both examples of such engagement. Yr Egin, which is part funded by the Swansea Bay City Deal, has established itself as a centre for the creative and digital industries as well as for the members of the community to participate in a range of activities and events.

Building work commenced on the Innovation Matrix which will provide a new centre for the University's applied research and knowledge exchange to connect with business, entrepreneurs, and investors. Funded through a strategic partnership between the University and the Swansea Bay City Deal, it will encourage and support the development of a sustainable, innovation-led economy which is based upon knowledge, innovation, and entrepreneurship.

The University's journey of transformation over the past 14 years has included the establishment of a dual sector system of education to provide a continuum of further and higher education. The UWTSO Group, which includes Coleg Sir Gâr and Coleg Ceredigion as constituent colleges, was established to ensure maximum benefits to learners, employers as well as the wider community. We are well placed to respond to the Tertiary Education and Research Act (2022) and for the establishment of the Commission for Tertiary Education and Research. In order to develop this work, in June 2022, Mr Jeremy Miles, MS, Minister for Education and Welsh Language, launched the University of Wales Technical Institutes, a new framework between UWTSO Group, University of Wales as well as three other FE partners.

INTRODUCTION BY THE CHAIR OF COUNCIL

I am grateful to my fellow council members for their commitment and contribution to the University, and would like to take this opportunity to thank the Vice-Chancellor, staff and students for their dedication and hard work.

A handwritten signature in black ink, reading "Emlyn Dole". The signature is written in a cursive style with a large initial 'E' and 'D'.

Emlyn Dole
Chair of Council

OPERATING AND FINANCIAL REVIEW

Public benefit statement

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

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

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

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

Through our activities we promote:

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

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

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

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

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

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

Wales and its distinctiveness, through embedding the goals of the *Well-Being of Future Generations (Wales) Act* in all of our activities, and by celebrating the vibrant culture, heritage and language of Wales.

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

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

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Education Funding Council for Wales. The University has developed strong links with local communities to assist with the development of new learning centres.

Objectives and Activities

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

Mission

Transforming Education; Transforming Lives.

Vision

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

Key Deliverables

In September 2017 the University launched a Strategic Plan for period 2017 to 2022. Subsequently, in July 2022, the Council approved an extension to the Plan to cover the period 2017-2024. There are four strategic priorities for the planning period:

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

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

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

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

Institutional performance is systematically monitored against the 'measures of success' for the four strategic priorities set out in the University's Strategic Plan. Council's Resources and Performance Committee and Council itself receives an annual report on performance. Within the annual report each measure of success is split to show the target and 'actual' levels of performance, colour-coded to indicate whether they have been achieved or otherwise. Narrative information provides context and explanations where targets have not been achieved. The report for 2022/23, presented to Council at the last Council meeting of 2022/23, showed good performance in the majority of areas.

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On behalf of the Council, the Resources and Performance Committee also maintains oversight of performance against ten Key Performance Indicators (KPIs). Monitoring reports are provided at each meeting, with an annual assessment and narrative presented at the final meeting of each year. The 2022/23 assessment showed good or satisfactory performance in nine KPIs, with a weaker performance in one area.

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

Ethical investment and banking policies

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

Equal opportunities

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

Environmental sustainability policy

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

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

Tuition fees

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

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UWTSD A YEAR IN FOCUS

The University community continued to celebrate the bicentenary which commemorated the laying of the foundation stone for St David's College Lampeter on the 12 August 1822; an event which marked the beginning of higher education in Wales. The bicentenary celebrations spanned two academic years and provided an opportunity to celebrate the successes and achievements of the transformed University. It also offered a strategic opportunity to reaffirm the University's place in the higher education sector and its continued role in contributing to the wellbeing and prosperity of Wales within the wider UK context.

In October, we were delighted to welcome The Honourable Dr Ralph Gonsalves, Prime Minister of St Vincent and the Grenadines to the Lampeter campus to share in the bicentenary celebrations. During his visit, Dr Gonsalves was conferred an Honorary Doctor of Law and met students from the Caribbean islands who have received scholarships to study at the University.



The University's celebrations culminated in the bicentenary concert which featured the premiere of Symphony No 1: *Gorau Awen Gwirionedd*/The Best Inspiration is Truth, composed by staff member Eilir Owen Griffiths, with the libretto by Professor Grahame Davies. The Symphony was commissioned by the University to commemorate the bicentenary and featured performances by alumni Rhys Meirion, Luke McCall and Glain Rhys along with baritone Steffan Lloyd Owen, current students, Côr CF1, Côr Caerdydd and the British Sinfonietta. This was a joyous and well attended occasion and was a fitting climax to the University's celebrations.



We continued to work closely with our students and the Students' Union to ensure that they were supported as valued members of our community. During the year, the University launched the new Student Wellbeing Unit and implemented an updated approach to Safeguarding which is underpinned by a continued commitment to staff training, including Mental Health First Aid, ASIST suicide prevention and First Responder training. In 2022-23, colleagues supported over 1,800 students to access wellbeing services.

The University distributed £1.3m directly to students as part of the Student Bursary Framework which included £308,000 to students experiencing financial hardship. The impact of the rise in the cost of living on students across the country has been widely reported. The University worked with our Students' Union to provide a range of mitigating measures to alleviate hardship including providing practical support, information and guidance as well as installing Food Stations across the campuses with free food. In addition, our catering

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outlets adapted their menus to provide discounted and nutritious hot and cold meals. As part of the international Period Poverty campaign, supported by the National Union of Students (NUS), the University ensured that free sanitary products were available across our campuses.

In 2022-23, a new work experience project was launched, supported by HEFCW funding, to widen access to work experience support for students.

Colleagues shared expertise and ideas regarding the student welcome experience. A key part of the work was to enhance the information available to students prior to their arrival at the University. New Hwbcasts were also launched to provide weekly updates to students on a range of topics affecting student life.

The University's longstanding reputation for Initial Teacher Education and Training provides many opportunities to lead transformational change and support the Welsh Government's policies relating to teacher education, curriculum reform and school improvement. The University's involvement in *Camau i'r Dyfodol / Steps to the Future* with the University of Glasgow and Welsh Government is aimed at supporting schools through the process of curriculum transformation, focusing on progression and assessment. In February, the Phase 1 report was published which focussed on how practitioners and leaders are working towards learning progression and curriculum realisation, providing a better understanding of the relationships between curriculum, assessment, pedagogy and progression, the role of co-construction in supporting curriculum design and in supporting educational change generally.

The University, the University of Wales and the National Library of Wales entered a new Strategic Alliance to implement an innovative model of collaboration. This work programme focusses on four major areas of strategic action: Developing and Sharing the Skills of the Workforce; Digital Innovation and Digital Infrastructure; Curriculum and Educational Resources; Developing Research and the Collections.



The Lampeter campus hosted a range of conferences linked to its activity portfolio and in collaboration with partners. An agreement with Aspen UK, an independent charity which supports and inspires leaders to transform themselves and their society, enabled the University to host its world-renowned leadership seminars. Aspen UK Seminars bring together leaders from across geographical and generational spectrums, and from across the corporate, political, creative, academic, and third sectors, to discuss, reflect, and debate. The seminars encourage leaders to address their own ideas and values, and to explore effective solutions to pressing social issues.

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The University community welcomed students from Ukraine to the Lampeter campus. Anastasiia Patiuk and Valeriia Piven both received a scholarship for students from Ukraine to study the postgraduate award in Global Citizenship and Sustainable Leadership. They travelled from Kyiv to Lampeter in October and were overwhelmed by the warmth of the welcome they received within the University and the town.



The University and Digital Health and Care Wales worked together to promote and deliver a culture of embracing change via a new qualification that will upskill and empower staff. Funded by the Wales Institute for Digital Information (WIDI), The Change Ambassador Certificate has been designed for individuals aspiring to become a Change Ambassador within their organisation.

UWTSD signed a Memorandum of Understanding (MOU) with Lakehead University, located in Ontario, Canada. During the special visit Dr Moira McPherson, President & Vice-Chancellor and James Aldridge, Vice-Provost International, visited UWTSD's campuses in Lampeter, Carmarthen and Swansea. The partnership will benefit both universities through joint curricular programmes and student exchange opportunities.



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In addition, the University and Ajeenkya D Y Patil University (ADYPU) signed a Memorandum of Understanding to exchange expertise in healthcare technology and systems. The partnership between the universities will see the delivery of postgraduate health technology programmes at the ADYPU with the aim of producing health technology professionals to contribute towards the cost-effective delivery of healthcare in India.



The expertise of the Wales Institute of Digital Innovation (WIDI), developed by UWTSU and Digital Healthcare Wales, is central to the partnership. Areas currently being explored include research and innovation, student and staff exchange as well as professional development.

In June, the University's Carmarthen campus was pleased to host the XIX International Conference on Minority Languages (ICML). It was the first time in 30 years for the conference to be held in Wales and over two hundred delegates from around the world attended including the Welsh Government's Education and Welsh Language Minister, Mr Jeremy Miles, MS. One of the aims in hosting the conference was to offer delegates a real sociolinguistic experience of Welsh in its contemporary environment and provide an opportunity to network and build connections between researchers and practitioners.



A major development during the year was the launch of the immersive rooms. Working with AV partner, IDNS, and part funded by the Higher Education Council Funding Wales (HEFCW), the first new learning spaces of their

OPERATING AND FINANCIAL REVIEW

kind in Wales were opened at the Swansea campuses. The Immersive Rooms utilise the latest Samsung LED screens across three walls creating a fully immersive virtual and augmented reality user experience. The learning spaces allow students to experience immersive virtual reality, 360° videos and images and applications through partner, Igloo Vision's immersive software.

The University pledged its support to the Swansea Bay Healthy Travel Charter which aims to encourage and support staff to travel around the campuses in a sustainable way. An official signing of the document took place in January which saw the University join 13 leading organisations in making the pledge.



The University was delighted to host the Young Chef Young Waiter of the Year, in association with UK Hospitality and the Restaurant Association. Now in its 45th year, it continues to highlight the remarkable skills of the finest young professionals in the industry. Relunched as *World Young Chef Young Waiter* in 2022 to extend the competition around the globe, this year was the first time Wales could enter as an individual nation.



Paul Ranson and Hazel Israel of UWTSD International Institute for Creative Entrepreneurial Development (IICED) attended the Being Entrepreneurial 2022 Conference in Brussels to receive recognition of UWTSD's transformational practice both at individual and team level. Paul Ranson was awarded a Champion Badge for transforming policy and practice in his work to develop online Enterprise Education by Derek Vaughan, Minister for Wales in Europe. The EntreComp Awards celebrated excellence in entrepreneurial learning at all levels,

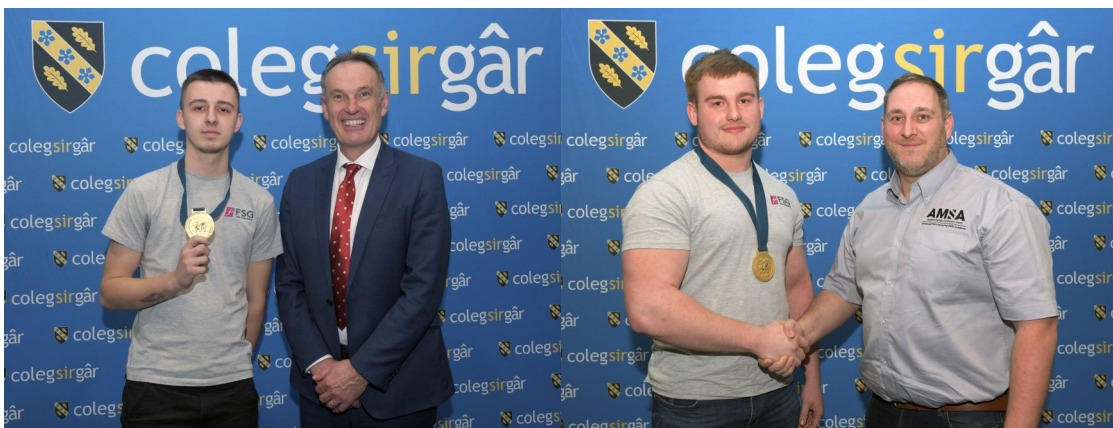
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across Europe and beyond and are supported by an initiative of the European Union, aiming to engage, connect, grow, and sustain entrepreneurial learning community. Hazel Israel received the Champion Organisation badge on behalf of the IICED Team, in recognition of its pioneering work to champion the value and benefits of enterprise education beyond their organisation.

The Wales Institute of Science and Art continued to produce award-winning work with both staff and students collecting accolades for their work. Swansea College of Art student, Agi Olah, created a brand identity for Swansea Project Zero designed to support businesses, groups, residents, and organisations as they help the city achieve net zero carbon emissions by 2050.



A number of students and apprentices reached the finals of the Worldskills UK competition. Computing lecturer Nitheesh Kaliyamurthy was appointed Training Manager for the Worldskills UK international squad, ahead of the next international competition Lyon in 2024. UWTSO became the Competition Organising Partner (COP) for CNC milling and turning with Lee Pratt, Manager of the Advanced Manufacturing and Skills Academy overseeing development and delivery of the UK competition. In addition, Andrew John and Niteesh Kaliyamurthy supported the development and training of the Worldskills International teams in their respective fields in preparation for the Euroskills competition in Gdansk.



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UWTSD's Assistive Technologies Innovation Centre (ATiC) and eHealth Digital Media won the Benefitting Society award in the 2022 Green Gown Awards UK and Ireland for a the project, *Seeing dementia through their eyes (Living with Dementia)*. As a regional winner, the project was entered for the 2023 International Green Gown Awards.



The Wales Institute of Science and Arts continued to engage with employers and schools to promote the study of STEM subjects and to highlight the range of career opportunities, often inviting alumni back to the University to talk about their own successful career journeys.

Automotive Engineering alumni and current students came together for a conference at the University's IQ Building in Swansea to discuss careers in the field of Motorsport and Motorcycle Engineering. The alumni who now work at world-leading automotive companies such as McLaren, Gordon Murray, Arc, Bentley, Ford and Toyota Gazoo Racing returned to UWTSD to share their career journeys and successes with the current student cohort.



OPERATING AND FINANCIAL REVIEW

The University's campuses at Carmarthen and Lampeter both secured Green Flag status for 2023. Following a special ceremony in July, flags were raised at UWTSD's Carmarthen and Lampeter campuses in recognition of their environmental efforts, excellent visitor facilities, and community involvement. UWTSD become only the third university in Wales to achieve Green Flag status and received the award following an assessment which included a detailed review of the documented management of the estate grounds processes and approaches to the land management. Particular attention was given to sustainable practice and the biodiversity and eco-systems action plan.



As part of its annual Nexus Learning and Teaching Conference, the University acknowledged staff achievements across its campuses. The Awards Ceremony, recognised excellence in innovation, student engagement, and collaboration and featured 11 categories. The event was held in person on each of our campuses as well as online.

The category winners were:

- **Bilingual and Welsh-medium teaching and learning Award:** Gwenllian Beynon, Swansea School of Art
- **Equality, Diversity and Inclusion (EDI) Champion Award:** Rachel Bendall, Centre for Teacher Education
- **Exemplary Support Project Award:** Paul Davies, Patrick Atkinson, Elizabeth Cullen, and Kimberley Jenkins, IT Systems and Infrastructure, and Student Services.
- **Employability Champion Award:** Stacey-Jo Atkinson, Design and Performing Industries
- **Special Collaborative Award:** Graduation Ceremonies 2022 team: Tanya McIver, Kieran Bennett, Darren Green, Elin Bishop, Sioned Russell, Eirwen Nicholls, Kelly Williams, Domina Baker and Lucy Gilbert.
- **Innovative Learning and Teaching Project Award:** Barry John, Engineering in the Wales Institute for Science and Art.
- **Equality, Diversity and Inclusion Project Award:** Cindy Hunt and Helen Griffiths, Centre for Childhood, Youth & Education
- **Exemplary Research Supervision Award:** Dr Argyro Kantara, Humanities and Social Sciences
- **Collaborative Team Award:** Rebecca Ellis, Chris Buxton, Kylie Boon, Rob Jones and Lynne Seymour from Design and Performing Industries.
- **Inspirational Colleague Award:** Dr Jayne Griffith Parry, Hospitality and Tourism Management

In addition, Honourable Mention was made for the Springboard project led by the University's Birmingham campus and the staff involved, namely, Dr John Deane, Mark Gallagher-Read, Besty Jose, Yohan Mendis, Ellie Ristic and Stephanie Ng, Institute of Inner City Learning.

Professor Elwen Evans KC
Vice-Chancellor

OPERATING AND FINANCIAL REVIEW

Principal risks and uncertainties

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

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

2022/2023 saw the University's continued adaption back to on campus and hybrid delivery of teaching delivery models to meet the needs and expectations of students.

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

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

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

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

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

- Student recruitment and retention;
- Ensuring that the University Campus facilities continue to be fit for purpose and are maintained in a manner to respond to changing learning and student experience needs
- Ensuring that inflationary pressures are managed in the correct manner

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

The immediate outlook for international student recruitment is less certain and ongoing restrictions provide a barrier for students to enter the UK. The University's income from international students is relatively low but is still an important income stream and one that will drive future growth for the University. The University believes that the demand for education in the UK remains strong with income from International students increasing in the current year, and any shortfalls in income in 2021/2022 and 2022/2023 will be a temporary event. Mitigating actions have been made through the introduction of new courses and entrance to new International markets to counter the forecast fall in the University's traditional international income.

OPERATING AND FINANCIAL REVIEW

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

All departments within the University are working towards managing the risks facing the Higher Education Sector to ensure that the teaching, operations and support of the University continue and allow it to deliver on the immediate future as well as its longer term strategic developments.

Future prospects

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

Declaration of information to auditor

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

- a) there is no relevant audit information of which the University's auditor is unaware; and
- 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

OPERATING AND FINANCIAL REVIEW

Financial Review

The Director of Financial Services and the Chair of the Resources and Performance Committee present a review of the financial performance of the group for the year to July 2023.

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

Statement of Comprehensive Income summary

	Year ended 31 July 2023	Year ended 31 July 2022	Movement
	£'000	£'000	£'000
Income	183,116	180,870	2,246
Expenditure	(193,985)	(197,185)	3,200
Profit on Sale of Assets	41	232	(191)
Decrease in fair value of investment properties	(300)	(27)	(273)
Loss on investments	(155)	(254)	99
Share of operating loss in associate	-	-	-
Taxation	5	(9)	14
Surplus for the year	(11,278)	(16,373)	5,095
Actuarial gain/(loss) in respect of pension schemes	11,177	53,538	(42,361)
Gain on revaluation of heritage assets	-	-	-
Total comprehensive income/(loss) for the year	(101)	37,165	(37,266)

From the total comprehensive a deficit of £8.1 million is attributed to the results of the University, a surplus of £8.8 million is attributed to the FE colleges and a deficit of £0.8 million is attributed to the other subsidiaries in the group.

The consolidated results recorded a deficit for the year of £11.3 million (2022: £16.4 million), and a total comprehensive loss of £0.1 million (2022: Total comprehensive income £37.2 million). This result encompasses all activities, other than the Students' Union which is an independent body.

As noted under the pensions section of the financial review the recorded deficit is after recognising an decrease in the USS pension provision of £2.3 million (2022: increase of £23.96 million) and the total comprehensive gain is after recognising an actuarial gain on the LGPS and inhouse pension liabilities of £11.2 million (2022: £53.5 million).

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

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

OPERATING AND FINANCIAL REVIEW**Adjusted Underlying Performance**

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Total comprehensive income/(loss) for the year	(101)	37,165
Add back actuarial movement on pension schemes	(11,177)	(53,538)
<u>Deduct non-core income</u>		
Capital grants received	-	(1,050)
Gain on disposal of fixed assets	(41)	(232)
<u>Add back non-core expenditure</u>		
Net non-cash pension costs & adjustments	(3,410)	26,875
Revaluation of derivative liability	(254)	(1,564)
Restructuring costs	977	246
Property impairment charges	-	-
Decrease in fair value of investment properties	300	27
loss on investments	155	254
Underlying (deficit)/surplus	(13,551)	8,183

The University had set a budget for the year to July 2023 that would deliver an operating surplus of £5m along with cash generation of £5m before any capital activity. This budget was set to reflect a challenging environment with a changing student demographic and needs coupled with high levels of inflation within the UK economy.

Operationally 2022/2023 continued the trend towards increased campus service delivery and true hybrid delivery as the University balanced the student needs and expectations within what is now a post Covid-19 environment with new challenges and opportunities..

The budget also reflected the changing nature of funding body support, with a move back to pre-pandemic levels of funding along with a change in nature of the funding away from direct support and into areas such as net zero progression and environmental sustainability.

In setting the budget management considered the need to for an appropriate cost base to support expected tuition fee growth and a hybrid operations model. The budgets and forecasts are set to ensure that the income growth for the University in recent years is sustainable and underpinned with investment in both staff costs and operational expenditure.

University management has reviewed the performance for the year to understand the reasons for the performance vs the budget, noting that whilst income levels grew in the year, this was not to the level expected in the budget with however mitigating actions on non-pay expenditure implemented too late in the year to have an impact on the expenditure levels for the year which are reported near to the budget values.

The main driver of increased expenditure is in pay costs, management consider that the pay costs carried by the University are appropriate to the anticipated income levels in 2023/2024 and that the growth to 53% of income in the current level brings the pay cost to income ratio in line with the sector.

Following the review the University considers that non pay costs are not fundamentally fixed in the short term and actions have been taken to readdress the balance of expenditure to income in the budget set for 2023/2024. A forecast produced after the September 2023 intake indicates a surplus for the year to July 2024

The University had planned for cash levels to fall in 2022/2023 (and will fall again in 2023/2024). Some planned capital disposals have been delayed into 2023/2024 and at the date of signing the accounts these planned events are considered to have been delayed from 2022/2023 and have not been cancelled.

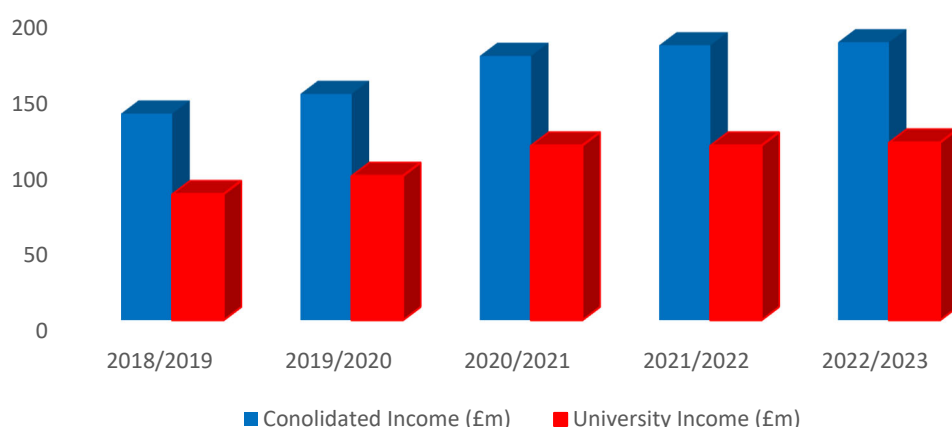
OPERATING AND FINANCIAL REVIEW

Tuition fee income for the University continues to be the driver to its growth, particularly through the growth in in year intakes where the delivery of teaching does not follow the traditional academic year profile. As a result a portion of the income from the in year intakes is deferred at 31 July and recognised in the following year. As the number of students on these courses grow the deferred income also grows. At 31 July 2023 the deferred student income grew by £4.4 million to £24.4 million (2022: £19.9 million).

Income

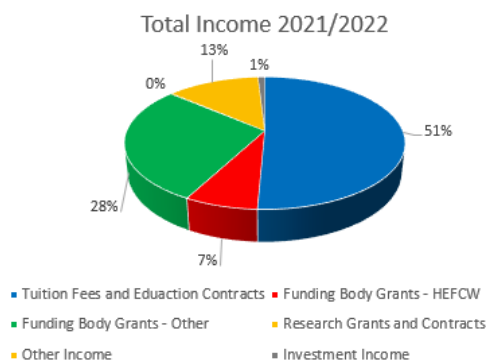
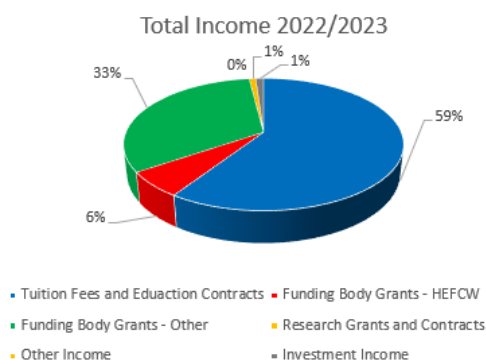
The consolidated total income for the year amounted to £183.1 million (2022: £180.9 million). The growth in income continues a trend over the past 5 years where income has grown by 35% from an income of £130 million in 2018/2019. The University income in the same period has increased by 41% from £78 million to £117 million in the current year

5 Year Income Growth



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

	Year ended 31 July 2023		Year ended 31 July 2022	
	£ million	%	£ million	%
Consolidated Income				
Tuition fees and education contracts	92.7	51%	91.6	51%
Funding body grants – HEFCW	9.7	5%	12.9	7%
Funding body grants – Other	50.9	28%	51.4	28%
Research grants and contracts	2.3	1%	0.4	0%
Other income	26.1	14%	22.9	13%
Investment income	1.4	1%	1.7	1%
	183.1	100%	180.9	100%



OPERATING AND FINANCIAL REVIEW

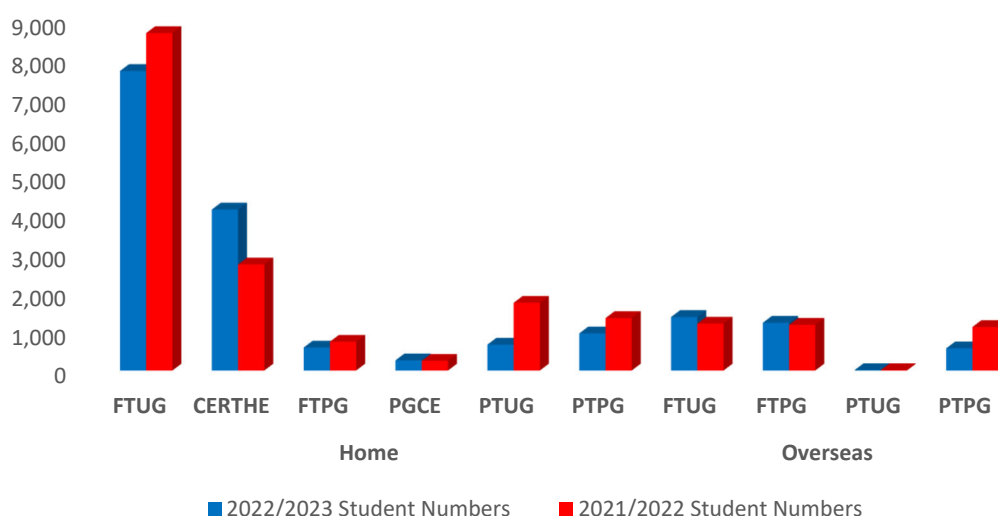
Funding body grants – Other reflect grants from the Welsh Government, received by Coleg Sir Gâr, Coleg Ceredigion and Y Ganolfan Dysgu Cymraeg Genedlaethol (YGDCG).

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

Student Income

The group saw students studying on undergraduate courses decrease by 3%, and post graduate courses by 12%. Further education student number remained broadly flat on the prior year.

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



In addition the further education colleges have approximately 10,000 students studying full and part time across higher and further education courses.

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

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

	2022/2023 £ million	2021/2022 £ million	Movement £ million	Movement %
7 Consolidated Income				
Full Time Home and EU	75.0	78.1	(3.1)	(4%)
Full Time International	9.0	7.8	1.2	15%
Part Time	7.3	3.2	4.1	128%
Education Contracts (FE Colleges)	1.4	2.5	(1.1)	(44%)
	92.7	91.6	1.1	1%

OPERATING AND FINANCIAL REVIEW

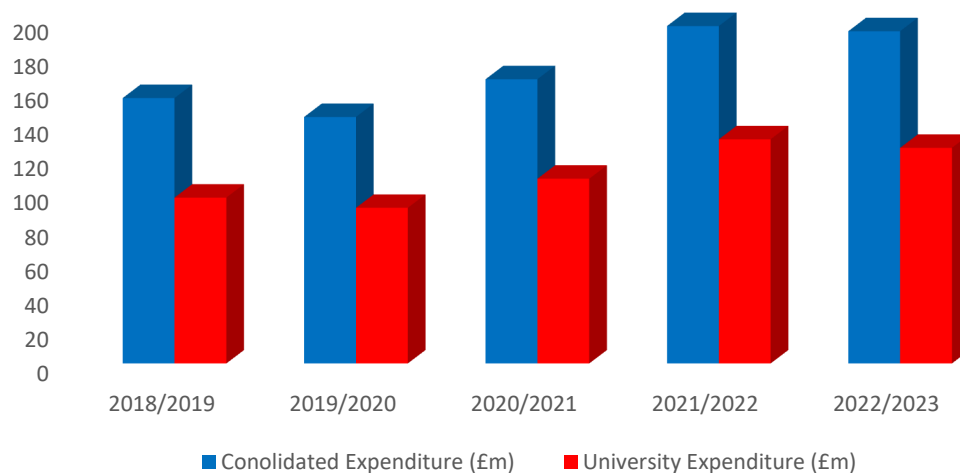
Expenditure

The consolidated total expenditure for the year was £194.0 million (2022: £197.1 million).

Expenditure has increased over the past 5 years to support income growth with prudent cost management measures being in operation during this period to ensure that additional expenditure is incurred to serve the operational needs of the University. Over the 5 year period from 2018/2019 consolidated expenditure has increased by 25%, University expenditure has increased by 30%.

There have also been expenditure lines incurred specifically in utilisation of the additional funding from HEFCW over the same period which overall have led to a relatively flat pattern of expenditure whilst income levels have been increasing. The expenditure for 2023 is after a credit of £2.3 million relating to the reduction in the USS provision (2022: charge of £24.0 million)

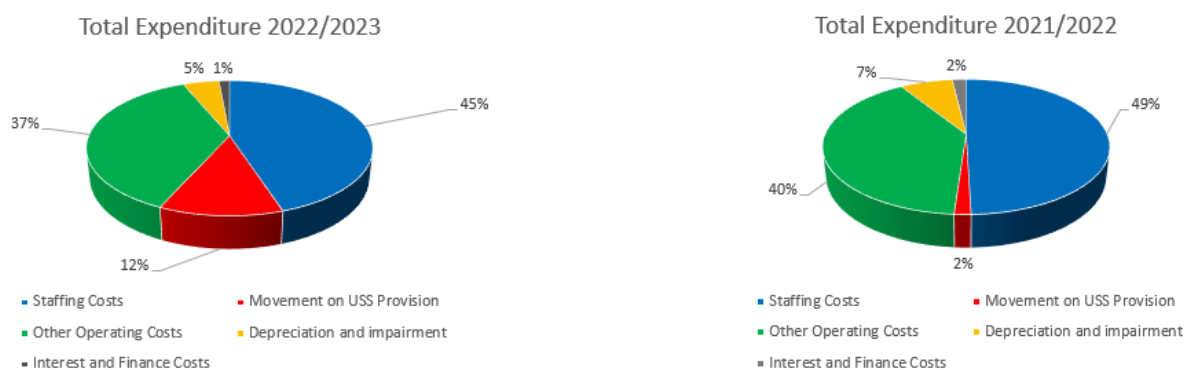
5 Year Expenditure Growth



The make up of the expenditure is summarised below

	Year ended 31 July 2023		Year ended 31 July 2022	
	£ million	%	£ million	%
Consolidated Expenditure				
Staffing costs	96.1	50%	87.8	45%
Movement on USS Provision	(2.3)	(1%)	24.0	12%
Other operating costs	86.1	44%	72.9	37%
Depreciation and impairment	11.0	5%	9.6	5%
Interest and finance	3.1	2%	2.8	1%
	194.0	100%	197.1	100%

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Staffing costs represent 52% of total income for the year (2022: 49%) The decrease in staffing costs of £18.0 million reflects a decrease in the movement on the USS provision of 26.3 million and an increase in payroll costs of £8.3 million. Excluding the non-cash USS movement gives a staffing cost total of £96.1 million (2022: £87.8 million) which represents 52.5% of income (2022 48.6%). Staffing costs include £1.0 million of restructuring costs (2022: £0.1 million)

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

Depreciation and impairment costs consist of depreciation (£11.0 million) and impairment charges (£nil) (2022: £9.6 million and £nil million). Management have undertaken reviews on expected future use of the key University buildings and have concluded that the carrying value is appropriate with no impairment charges required in the current year

Interest and finance costs include pension scheme interest charges of £1.5 million (2022: £1.1 million) and loan interest of £1.4 million (2022: £1.5 million).

Balance Sheet

The consolidated Balance Sheet discloses a net assets position of £122.4 million as at 31 July 2023 (2022: £114.1 million). The increase in net assets primarily arises from the decrease in pension liabilities of £23.3 million to £26.7 million (2022: £50.0 million). When Pension liabilities are excluded the net asset position is £149.2 million at 31 July 2023 (2022: £164.2 million).

Cash and cash equivalent balances were £44.8 million at 31 July 2023 (2022: £59.5 million) with the decrease reflecting the capital investment made by the University in the year to support future revenue streams.

Capital expenditure at £11.6 million is lower than 2022 (£14.2 million) which reflects ongoing investment in the estate, particularly around initiatives around green technology and a transition towards a future net zero position

Total creditors (due within one year) were £74.3 million at the year-end (2022: £68.9 million). The increase is primarily due to an increase in deferred income held on the balance sheet of £11 million to £40.4 million (2022: £29.4 million). The trade creditors balance reduced by £1.4 million to £14.1 million (2022: £15.5 million). A loan amount of £2.2 million held at July 2022 due to Welsh Government was repaid during the year.

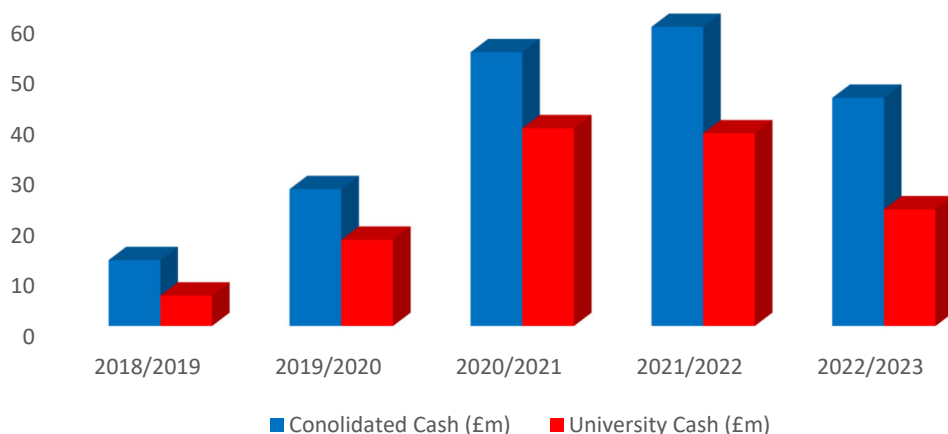
Total Creditors (due after one year) were £30.5 million at the year-end (2022: £32.5 million). The reduction is through the scheduled £2 million repayment of the secured loan with HSBC.

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Cash Flow

The consolidated net cash inflow from operating activities was £0.5 million for the year (2022: £17.1 million) and the overall cash outflow was £14.7m (2022: inflow of £4.7 million).

5 Year Cash Growth



Cashflows from operating activities are impacted by the recognition of the negative non-cash pension costs of £3.4 million (2022: positive adjustment of £26.9 million).

Cashflows from investing activities include proceeds from the sale of fixed assets of £0.04 million (2022: £3.5 million) less payments made to acquire fixed assets of £11.6 million (2022: £14.2 million).

Cashflows from financing activities comprises of new finance leases to fund the purchase of equipment of £0.5million (2022: £0.6 million) less payments made against finance leases of £0.9 million (2022: £0.4 million) giving a net movement of £0.4 million (reduction in year) (2022: increase £0.1 million) and interest payments of £1.4 million (2022: £1.7 million)

Bank covenant compliance

The 3 covenants in place for the year to 31 July 2023 and 31 July 2022 are

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

As part of the University's refinancing of its loan with HSBC the first covenant has been amended to

- The ratio of cash-flow available to meet debt servicing costs for the prior 12 months to be not less than 1.1 times debt servicing costs – Capex in the year to be net of opening balance sheet cash

These covenants were tested, and passed at 31st October 2022, 31st January 2023, and 30th April 2023.

The budget and forecasts prepared indicate that they will be passed at all points for the forecast period through to December 2024.

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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 2023 consolidated short-term investments, deposits and cash totalled £50.8 million (2022 £65.4 million). Of this amount, £10.1 million (2022: £10.3 million) were endowment funds. Interest and dividend income from all investments and deposits (endowment and non-endowment) was £0.3 million (2022: £0.1 million) while losses on investments were £0.2 million (2022: loss £0.2 million).

The University's loan with HSBC was renegotiated during the period to renew the original product term that was due to end in April 2024. An agreement for a further 5 years was agreed and formally put in place on 31 January 2024. The University did not take out any further borrowing as part of the renewal.

Liquidity

The Group's current ratio at 31 July 2023 was 1.22 (2022: 1.49).

The University has prepared detailed monthly cashflow forecasts for the 12 months ended 31 July 2024 and is of the opinion that it will have sufficient cash resources and liquidity during this period to properly manage its affairs and planned operations. These forecasts indicate a negative cash flow in the year after capital activity.

Creditors due within one year amount to £74.3 million (2022: £68.9 million), the increase primarily arising from an increase in deferred income (£11 million), offset by a decrease in other accruals (£2.3 million), a decrease in Trade Creditors (£1.4 million) and the repayment of a loan to Welsh Government (£2m).

The increase in deferred income is driven through the increase in students on in-year intakes as noted above (£4 million) and a £8m deferred capital grant relating to the construction of a new property taking place during 2023/2024 offset through the reduction in deferred grant income from Hefcw (£2 million) as these funds were recognised in the statement of comprehensive income during the year

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

Pensions

The impact on the pension scheme movements on the statement of financial performance is reflected as a £2.3 million credit within payroll costs (2022: £24.0 million charge) and an actuarial gain of £11.2 million (2022: £53.5 million).

In addition, £1.1 million (2022: £1.1 million) has been recognised through interest expense.

The movement on the provisions for the defined benefit pension schemes available (including closed schemes) is detailed in note 27.

FRS102 requires the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS), this liability is included in the pension provision with additional costs are processed through staff costs in the consolidated statement of income and expenditure. The total provision for pension liabilities reduced by £14.6 million in the year to £33.2 million (2022: 47.8 million).

As noted in Note 27, the USS provision is calculated based on the output of the 2020 valuation. This output includes a provision for deficit contributions of 6.3% to be made in future periods. During 2023/2024 the 2023 valuation will come into force. From this valuation the University is expecting to recognise a credit of £33.2m in the year to July 2024 as the provision reduces to nil reflecting the reported surplus position of the scheme.

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

The Group has assessed the future economic benefit from the surplus position of its pension schemes, and as it is not anticipating to derive any economic benefit from the surplus position on any of the LGPS or in-house schemes no surplus has been recognised on any scheme.

Financial Health

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

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

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

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

During the year ended 31 July 2023 the University's increased teaching activity has translated into positive operating cash flows whilst continued diversification into new teaching areas and anticipated increased commercial activity during 2023/2024 will further add to the building of the Groups' operating cash flow.

The financial position at 31st July 2022 allowed for significant capital expenditure to be undertaken in 2022/2023 to position the University for further growth in future years. This activity was carried out with further commitments in place for 2023/2024. The University is operating in an increasingly tough external environment, however recognises the need to invest to secure future income streams. The budget for 2023/2024 allows for tight operating expenditure controls to enable the University to undertake this investment.

It is therefore anticipated that cash reserves will drop further in 2023/2024 before recovering in 2024/2025.

Going Concern

In preparing the financial statements for 2022/2023 and a budget for 2023/2024 the management and governors of the University have acknowledged and appreciated the challenging external environment that all HEIs in Wales and the UK are operating under.

For the year to July 2023 the University's income grew by £2.3 million despite a reduction in Funding Body Grants of £3.2 million. This decrease in funding is due to the previous years funding for Covid-19 recovery

OPERATING AND FINANCIAL REVIEW

activity which was not repeated in the current year. All of the income recognised in the current year is considered to be repeatable. In addition September 2023 saw the first intake of students in the University's new campus in Birmingham, providing additional income generating potential for future periods.

The budget for 2023/2024 shows an increase in income from the current year that will enable a surplus to be generated for the year and an EBITDA feeding into a cashflow sufficient to fund the operating expenditure of the University and the committed capital expenditure in the year.

As noted above and in the Consolidated Statement of Cash flows there was a net cash utilisation of £14.7 million in the year to 31 July 2023 with a net cash inflow from operating activities of £1.9m. The forecasts for 2023/2024 show a further utilisation of £2m due to capital expenditure in the year.

The University's cost base has increased over the past 2 years which reflects the need to adequately fund the increased income levels and to ensure that the income is sustainable with further potential to grow without compromising on the quality of services delivered. This approach has seen significant increases in pay costs with non-pay costs being controlled in order to produce surpluses and operational cash generation at the target levels set by management and governors.

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

The budget setting for 2023/2024 and forecasting for 2024/2025 acknowledges both the growth in costs realised in the current year and the external pressures facing the University, resulting in prudent and centrally controlled costs levels in both pay and non-pay for future years.

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

To support cashflow, the Group renewed a term loan facility with HSBC for a 5 year period to April 2029 on 31 January 2024. As part of the renewal, the University has agreed updated covenants and is forecasting to achieve the revised covenant obligations throughout the going concern period, even when considering the stress testing and sensitivity.

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

Sustainability

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

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

Underpinning this financial security is a diverse income stream within the University, combining traditional undergraduate and postgraduate courses with a range of alternative courses providing innovative opportunities for teaching delivery and increasing the learning opportunities for students.

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

OPERATING AND FINANCIAL REVIEW

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

In setting the budget for 2023/2024 management have reflected on the increased cost pressures from delivering a true hybrid teaching model along with the external economic pressures arising from the high utility costs, pressures on employee costs and the impact of increasing borrowing costs.

In doing so a budget delivering a positive operating cash flow and surplus has been approved with utility costs fixed into the final quarter of the year and sufficient provision made for funding the operations of the University.

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

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

The term loan was due for refinancing in April 2024, with the refinancing activity completed on the 31st January 2024. The swap instrument that is in place with the original loan provides a fixed interest rate for the period to April 2024.

The budget for 2023/2024 contains significant capital expenditure that was committed to during 2022/2023 that will be funded through existing University reserves and operating cash flow in the year.

Expenditure in both the current year and that projected for 2023/2024 is largely focussed on increasing student capacity with the expected payback on the cash investment is within 18 months. It is therefore expected for the cash balance at July 2024 to be lower than the current year, but this position will begin to recover during 2024/2025.

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

Environmental Reporting

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

The University is specifically committed to implementing a university-wide Carbon Management Plan to achieve Net Zero Scope 1 & 2 by 2030, scope 3 by 2045.

In 2022, the University adopted a Net Zero Carbon, Interim Plan to explicitly show its commitment to, and outline a plan for, managing and reducing its carbon emissions, against which considerable progress has been made; This has included: signed Swansea Healthy Travel Charter, being part of Public Service Boards

OPERATING AND FINANCIAL REVIEW

Net Zero action groups, and external communications on student led projects. Solar installations, retro fitting the estate with energy efficient options such as LED lighting, Low carbon Heat Pumps, etc.

Systematic revision of this plan will enable the University to continue the journey to Net Zero Carbon while undertaking a range of assessments that will inform the development of a three-year plan that will recognise the progress to date and further map out the route to Net Zero Carbon. The Carbon Trust are supporting the University with a final strategy toward Net Zero.

The main action areas identified for carbon reduction fall within the following:

- Implementing a Monitoring Programme to ensure accurate monitoring of energy use, and water use through the provision and use of an Energy Management System enabled by an appropriate software package
- All new capital projects are built to Net Zero Carbon BREEAM 'Excellent' score and there is an associated reduction in supply chain and waste impacts
- To significantly improve the energy efficiency of the remaining estate, with full consideration given to replacement & renewable energy heat schemes and discontinuation use of gas. Campus development plans must prioritise decarbonisation opportunities such as scoping for Low/No Carbon Heat pilot projects and making demonstrable progress on understanding and implementing the remaining energy efficiency opportunities. which include utilisation of effective building management controls
- To reduce waste across the institution in order to minimise waste processing, pollution and landfill activity whilst meeting the new Waste legislation for Wales that is emerging in 2024.

In addition, the University will:

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

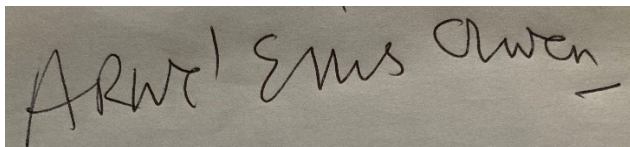
Central to this is the creation of a clear accountability route that ensures that sustainability becomes embedded into policy and establishes collective responsibility to make a positive impact upon our people, our communities and our planet.

The Sustainability Steering Group (SSG) is responsible for supporting the Sustainability agenda for the University Group, and for monitoring and measuring progress against performance indicators to confirm effective implementation and alignment with organisational objectives and strategy. It reviews (where appropriate) strategy and policy and approves or refer to Senior Directorate as is necessary, while working to ensure that the requirements of both UN Sustainable Development Goals and the Wellbeing of Future Generations Act (2015) requirements are met. This steering group is chaired by the Deputy Vice-Chancellor who is instrumental in driving the institutional change.

The Sustainability Development Group (SDG) is formed by managers across every academic and professional service in the University as well as Coleg Sir Gâr. This group has student representation, and membership is open to all students who wish to be part of it. They are tasked with creating a departmental sustainability action plan, capturing suggestions and actions to move the sustainability agenda forward to

OPERATING AND FINANCIAL REVIEW

meet our commitments, including the Net-Zero Carbon by 2030 ambition. The group promotes and communicates sustainability across the whole institution. This has resulted in several initiatives relating to Net Zero being communicated to staff, such as our “One Campus, One Day” initiative aimed at reducing inter-campus travel as well as providing a consultation forum for policy development, check and challenge. The membership of these groups ensures senior level oversight and support for this agenda, as well as ensuring engagement and consultation with senior officers in terms of wider University Group impact.

A photograph of a handwritten signature in black ink on a light-colored surface. The signature reads "ARWEL Ellis Owen" with a horizontal line under the name.

Arwel Ellis Owen (Chair, Resources and Planning Committee)

A photograph of a handwritten signature in blue ink on a light-colored surface. The signature is stylized and appears to read "Gavin Bessant".

Gavin Bessant (Director of Financial Services)

STATEMENT OF CORPORATE GOVERNANCE

Governance arrangements

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

The Council comprises independent, staff and student governors appointed under the Statutes and Ordinances of the University, the majority of whom are non-executive. Members of Council are also trustees of the University. Vacancies for independent members are advertised externally and appointments are made following completion of an interview and selection process. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. A Chair-Designate of Council was appointed in March 2023 following an external advertisement process and became Chair in September 2023. The Council is served by a Clerk who is responsible to the Chair.

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

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

The standing committees of Council in 2022/23 were as follows:

- **Academic Committee**

The Academic Committee provides advice to Council on its determination of the educational character of the University.

The Committee met on four occasions in 2022/23. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment, international activities and quality assurance; the University's strategy for developing and promoting Welsh medium and bilingual education; and reports from Coleg Sir Gâr on learners and standards. The Committee considered Senate's Annual Report to the University Council and the assurances it provided on the maintenance of quality and standards in advance of presentation to the full Council in November 2022.

Areas of particular focus during the year included the action plan arising from the QAA Quality Enhancement Review in March 2022; the Self-Assessment Report and Quality Improvement Plan prepared for the expected OFSTED inspection of apprenticeship provision and the subsequent outcomes of the inspection; the development of new partnerships with FE Colleges; and new strategies relating to Employability, Welsh Language and Widening Access.

The membership was follows (with attendance (%) provided in brackets): Geraint Roberts (Chair) (100%); Professor Medwin Hughes (50%); Uzo Iwobi (75%); Matthew Peake (resigned 7.12.2023; 50%); Vanessa Liverpool (on authorised absence from 15.3.2023; 25%); Victoria Provis (100%); Randolph Thomas (100%); Dr Kerry Tudor (75%); Deris Williams (25%).

STATEMENT OF CORPORATE GOVERNANCE

- **Audit and Risk Committee**

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

The Committee met on four occasions in 2022/23. It considered a range of issues within the scope of its remit, including internal and external audit plans and findings; the financial statements for the University and its subsidiary companies prior to their submission to Council; the corporate risk register and assurance map; a twice-yearly transparency report on a range of matters including procurement and freedom of information; an annual report on whistleblowing; the performance of the internal and external auditors; and reports from the Coleg Sir Gâr Audit and Risk Management Committee. Monitoring of the action plan in response to HEFCW's 2023 risk assessment of the University was considered at the October 2023 meeting.

The membership was follows (with attendance (%) provided in brackets): Nigel Roberts (Chair) (100%); Siwan Davies (resigned 31.5.2023; 75%); Emlyn Schiavone (25%); Dr Liz Siberry (50%); Adrian Evans (co-opted; 100%); Nia Morgan (co-opted from 1.1.2023; 100%); Jayne Woods (co-opted; 100%).

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

- **Estates Committee**

Established in its current form in 2022/23, the Committee provides oversight of the development of an integrated UWTSD Group estates strategy and advice to Council on the resourcing and delivery of major capital projects; the operational management of the estate; and estates maintenance and compliance, including health and safety.

The Committee met on six occasions in 2022/23. It considered a range of issues within the scope of its remit, with a particular focus on estates developments in Carmarthen in partnership with Coleg Sir Gâr (Pibwrlwyd and Jobswell); Swansea (the Innovation Matrix) and London (the acquisition of new premises in Canary Wharf). It also considered campus development plans, reports on other capital and maintenance projects; and health and safety matters.

The Committee's membership includes the Principal of Coleg Sir Gâr and several independent members of the Coleg Board. In 2022/23 the membership was as follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Dr Andrew Cornish (67%); John Edge (100%); Taya Gibbons (67%); Professor Medwin Hughes (83%); Delwyn Jones (67%); Arwel Ellis Owen (100%); Maria Stedman (83%); Randolph Thomas (100%); Dr Kerry Tudor (67%).

- **Group Scrutiny Committee**

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

The Committee met on one occasion in 2022/23. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies, focusing on confirmation of compliance and strategic relevance to the Group, and a review of the Operating Protocol between the University and Coleg Sir Gâr. It considered and endorsed for approval by Council a new framework for the oversight and operation of subsidiary companies.

The membership was follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Professor Medwin Hughes (0%); Vanessa Liverpool (on authorised absence from 15.3.2023; 0%); Nigel

STATEMENT OF CORPORATE GOVERNANCE

Roberts (100%); Dr Peter Spring (100%); Maria Stedman (100%); Randolph Thomas (100%); Jayne Woods (co-opted; 100%).

- **Nominations and Governance Committee**

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

The Committee met on five occasions in 2022/23. It considered a range of issues within the scope of its remit, including progress against the University's action plan arising from the *Review of Governance of the Universities in Wales*; succession planning and the recruitment strategy for new independent governors; the biennial review of the internal Code of Practice for Council members; governance reports from Coleg Sir Gâr; reports on complaints; and nominations for honorary awards.

Key areas of work in 2022/23 included consideration and endorsement of a new Council development and retention plan; and the recruitment of a new Chair of Council. In accordance with Ordinance, the advertisement, interview and selection process between December 2022 and in February 2023 was led by the Committee, resulting in Council's appointment of a Chair-Designate in March 2023.

The membership was as follows (with attendance (%) provided in brackets): Siwan Davies (Chair; resigned 31.5.2023) 60%); Professor Medwin Hughes (100%); Vanessa Liverpool / Taya Gibbons (60%); Dr Stuart Robb (100%); Emlyn Schiavone (80%); Dr Liz Siberry (Acting Chair from 1.6.2023) (80%); Maria Stedman (100%); Randolph Thomas (100%); Deris Williams (60%).

- **Remuneration Committee**

The Remuneration Committee determines on an annual basis the salaries, terms and conditions and, where appropriate, the severance conditions of the Vice-Chancellor, Deputy Vice-Chancellors, the Pro Vice-Chancellors and the Clerk to the Council. As part of this process the Committee considers a range of external contextual and comparative measures in determining pay awards as set out in the annual Pay Policy Statement.

The Committee met on two occasions in 2022/23. It considered a range of issues within the scope of its remit, including the remuneration package for the new Vice-Chancellor; annual salary reviews for other staff within its remit with accompanying relevant supporting information; and the University's annual Pay Policy statement.

The membership was as follows (with attendance (%) provided in brackets): Justin Albert (Chair) (50%); Emlyn Dole (appointed 6.3.2023; 50%); Taya Gibbons (100%); Uzo Iwobi (50%); Geraint Roberts (100%); Vanessa Liverpool (on authorised absence from 15.3.2023; 66%); Professor Conny Matera-Rogers (100%); Randolph Thomas (100%).

The University publishes its annual Pay Policy Statement on its website. The 2023 Statement can be viewed through the following link: <https://www.uwtsd.ac.uk/publication-scheme/section-5--our-policies-and-procedures/>

- **Resources and Performance Committee**

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

The Committee met on four occasions in 2022/23. It considered a range of issues within the scope of its remit, including strategic and confederal developments; assessments of performance in relation to the measures of success of the Strategic Plan, the institutional Key Performance Indicators, and the

STATEMENT OF CORPORATE GOVERNANCE

targets of Fee and Access Plans; reports on student recruitment and retention; financial performance against forecasts and budgets and institutional sustainability; pensions; reports on the City Deal;

financial reports from the Students' Union; human resources matters including approval of the annual pay award and reports from the Joint Consultative Committee; and reports relating to finance and resources from Coleg Sir Gâr. Specific elements of its work during the year included consideration of the outcomes of a Staff Pulse Survey undertaken in March 2023.

The membership was as follows (with attendance (%) provided in brackets): Arwel Ellis Owen (Chair) (100%); Justin Albert (75%); John Edge (co-opted; 100%); Taya Gibbons (25%); Professor Medwin Hughes (100%); Rowland Jones (100%); Timothy J Llewelyn (appointed 1.1.2023; 75%); Professor Conny Matera-Rogers (75%); Maria Stedman (50%); Randolph Thomas (100%).

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

At executive level, the **Senior Directorate** meets on a regular basis in an advisory role to support the Vice-Chancellor and Deputy Vice-Chancellors in the formulating proposals for the strategic direction of the University. 13 meetings were held in 2022/23. A wide range of topics are discussed at the meetings – both strategic and operational.

In 2022/23 the Senior Directorate membership was as follows: Professor Medwin Hughes (Chair), Stephen Baldwin, Gavin Bessant, Sarah Clark, Iestyn Davies, Shone Hughes, Professor Dylan Jones, Barry Liles, Jane O'Rourke, Professor Mirjam Plantinga, and in January 2023, Wendy Dearing, Gwilym Dyfri Jones and Professor Ian Walsh were invited to join. The attendance rate was 94%.

CUC Higher Education Code of Governance

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

The University's governance arrangements have been developed to reflect the principles and practices set out in CUC's *Higher Education Code of Governance*, the most recent iteration of which was published in September 2020. Through the Nominations and Governance Committee the Council has reviewed its practices in the context of the Code and has confirmed that all of the Primary Elements are in place and that the University's arrangements comply with all key principles. In 2019 the Council undertook a Governance Effectiveness Review, with external input, which included holistic consideration of adherence to the Code and resulted in a published action plan. The next Effectiveness Review, originally scheduled to take place in 2022/23, was deferred until 2023/24 in the light of the impending appointment of a new Chair and Vice-Chancellor.

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

STATEMENT OF CORPORATE GOVERNANCE

An internal audit of the Group's approach to Corporate Governance was undertaken in summer 2022 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls. The next audit is scheduled for winter 2023.

Camm Review of Governance of the Universities in Wales

The Council has welcomed the *Review of Governance of the Universities in Wales* by Gillian Camm ('the Camm Review'), the report of which was published in February 2020. In July 2020 the Council formally adopted the Governance Charter for Universities in Wales published by the Chairs of Universities Wales (ChUW) and Universities Wales and agreed an action plan in response to the accompanying Commitment to Action. By summer 2023 the Council's implementation of the plan was largely complete. The work undertaken includes:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- considering the sector-wide good practice guide on stakeholder engagement;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors;
- implementing a rolling recruitment and induction strategy with a focus on diversity;
- reviewing the standing committee structure;
- confirming its approach to governor independence and conflict management;
- reviewing its arrangements for remuneration governance;
- completing a review of risk management policy;
- reviewing the internal audit process;
- commissioning an annual report on whistleblowing;
- approving the statements on independence, the role of the Secretary and annual reporting developed through the Welsh Clerks and Secretaries Group;
- approving an approach to leadership succession planning;
- adopting the new template for the Annual Report and Financial Statements;
- approving and implementing a governor development and retention plan;
- participating in Advance HE workshops relating to equality and diversity and commencing work on its own EDI plan.

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

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF INTERNAL CONTROL

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

The internal control system includes policies, regulations and plans; monitoring of financial and operational performance; segregation of duties; authorisation and approval procedures; information systems; and effective internal and external audit functions. It also includes an ongoing process designed to identify the principal risks to the achievement of the strategic plans and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. These systems have been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. The system accords with relevant guidance from the British Universities Finance Directors Group.

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

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

The University has established a robust methodology for evaluating and managing risk on a continuing basis, linked explicitly to the achievement of institutional objectives. UWTSD Group and corporate-wide University risk registers, which rate the likelihood and impact of identified risks, are maintained and regularly reviewed by the Senior Directorate. Departmental risk registers are developed and reviewed at local level, with risks escalated to the corporate risk register as appropriate. Registers are also maintained for discrete major projects and activities. The corporate risk registers are considered at each meeting of the Audit and Risk Committee and proposed changes are considered by the Council. The Group Risk Management Policy and the construction of the risk register were comprehensively reviewed in 2021/22, with the next review scheduled for 2023/24. An assurance map, following the 3-line model supported by the Chartered Institute of Internal Auditors, has been introduced to provide senior managers and governors with an overview of the mechanisms in place to oversee the risks identified on the corporate risk register and to facilitate the identification of areas where strengthening is required.

An internal audit of the Group's approach to Risk Management was undertaken in summer 2022 and provided adequate assurance on the adequacy of internal controls and substantial assurance on the effectiveness of internal controls. By May 2023 one of the two recommendations had been fully addressed, with the other pending the review of the Group Risk Management Policy in 2024.

The University's Internal Auditors, Mazars, produce an annual report covering the specific audit areas reviewed in the year alongside an overall assessment rating for the year. The report for 2022/2023 covered 12 specific audits, concluding that overall the University has a moderate framework for identifying, evaluating and managing the significant risks that it faces. The report also concludes that the University has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of its objectives.

STATEMENT OF CORPORATE GOVERNANCE

No instances of actual or suspected fraud were encountered during the audit work carried out in the internal audit cycle

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

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

Risk Management / Risk Register

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

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

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

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

Conclusion

The Higher Education sector is one of continually evolving challenges and is not immune to the inflationary pressures that have, and continue to impact the UK economy. The challenges facing the sector will continue throughout any reasonably forecastable period.

As a response the University continues to strengthen its core operations and deliver a divergence in products and markets.

Cost management remains a key focus for the University and the activity that has been taken in previous years has provided a sound base from which the University can react to the challenges that it will face in future periods and deliver *a sustainable operating position to meet future challenges*.



Emlyn Dole
Chair of University Council

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF COUNCIL'S RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Council is responsible for preparing the Annual Report, Operating and Financial Review and the Directors' Report and the financial statements in accordance with the requirements of the Terms and Conditions of Funding issued by the Higher Education Funding Council for Wales (HEFCW), the Accounts Direction to Higher Education Institutions for 2022/23 issued by HEFCW, the Financial Management Code issued under the Higher Education (Wales) Act 2015 and applicable law and regulations.

It is required to prepare the Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the requirements of the Charities Act 2011. The Terms and Conditions of Funding 2022/23 further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and in accordance with the requirements of the Accounts Direction.

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

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

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

The Council is also responsible for ensuring that:

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of Wales Trinity Saint David ("the University") for the year ended 31 July 2023 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 accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit and Risk Committee, estates and other committees’ minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries containing specific key words, journals posted by specific personnel, unusual journal entries in relation to cash and borrowings and material journals posted after the ledger closing date.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

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

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

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

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

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

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

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

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

Other information

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

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

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion the information given in Operating & Financial Review, and the Statement of Corporate Governance (which together constitutes the Trustees' Annual Report for the financial year) is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Council's responsibilities

As explained more fully in its statement set out on page 40, the [Governing Body / Board of Governors / Council] is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

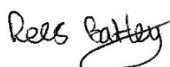
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ("HEFCW") Audit Code of Practice (effective 1 August 2017) issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2022/23 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code ("FMC");
- Funding Council grants have been applied in accordance with terms and conditions attached to them and used for the purposes for which they were received, including the Terms and Conditions of Funding 2022/23; and
- the requirements of HEFCW's Accounts Direction have been met.

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

This report is made solely to the Council in accordance with the Ordinances of the University and in accordance with the 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.



Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

9 February 2024

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	92,735	87,759	91,568	85,392
Funding body grants	3	60,594	9,743	64,278	12,941
Research grants and contracts	4	2,327	2,357	378	378
Other income	5	26,067	15,821	22,929	13,938
Investment income	6	1,393	892	1,717	1,663
Total Income		183,116	116,572	180,870	114,312
Expenditure					
Staff costs	7	96,085	64,048	87,832	57,606
Movement on USS Provision	7	(2,273)	(2,273)	23,995	23,996
Other operating expenses	9	86,116	53,563	72,942	41,860
Depreciation and impairments	11	11,033	7,541	9,635	6,114
Interest and other finance costs	8	3,024	2,709	2,781	2,249
Total expenditure		193,985	125,588	197,185	131,824
Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates.		(10,869)	(9,016)	(16,315)	(17,512)
Gain on disposal of fixed assets		41	16	232	231
Decrease in fair value of Investment properties	13	(300)	(75)	(27)	123
Gain/(Loss) on investments		(155)	(148)	(254)	(205)
		(11,283)	(9,223)	(16,364)	(17,363)
Taxation	10	5	-	(9)	-
Surplus/(deficit) for the year		(11,278)	(9,223)	(16,373)	(17,363)
Actuarial gain/(loss) in respect of pension schemes	27	11,177	1,164	53,538	27,818
Total comprehensive income for the year		(101)	(8,059)	37,165	10,455
Represented by:					
Endowment comprehensive income for the year	22	(176)	(179)	1,257	1,253
Unrestricted comprehensive income for the year		75	(7,880)	35,908	9,202
Surplus for the year attributable to					
University		(11,147)	(9,223)	(16,348)	(17,363)
Non-controlling interest		(131)	-	(25)	-
		(11,278)	(9,223)	(16,373)	(17,363)
Total comprehensive income for the year attributable to					
University		30	(8,059)	37,190	10,455
Non-controlling interest		(131)	-	(25)	-
		(101)	(8,059)	37,165	10,455

All items of income and expenditure relate to continuing activities

The accompanying notes and policies on pages 49 to 90 form part of these financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES**Consolidated**

	Endowment	Unrestricted	Revaluation Reserve	Total Excluding Non-Controlling Interest	Non-Controlling Interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	9,039	44,667	23,967	77,673	(715)	76,958
Surplus/(deficit) from the income and expenditure statement	1,257	(17,605)	-	(16,348)	(25)	(16,373)
Other comprehensive income	-	53,538	-	53,538	-	53,538
Total comprehensive income for the year	1,257	35,933	-	37,190	(25)	37,165
Balance at 1 August 2022	10,296	80,600	23,967	114,863	(740)	114,123
Surplus/(deficit) from the income and expenditure statement	(176)	(10,971)	-	(11,147)	(131)	(11,278)
Other comprehensive income	-	11,177	-	11,177	-	11,177
Total comprehensive income for the year	(176)	206	-	30	(131)	(101)
Balance at 1 August 2023	10,120	80,806	23,967	114,893	(871)	114,022

University

	Endowment	Unrestricted	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2021	8,590	31,291	14,454	54,335
Surplus/(deficit) from the income and expenditure statement	1,253	(18,615)	-	(17,362)
Other comprehensive income	-	27,819	-	27,819
Total comprehensive income for the year	1,253	9,204	-	10,457
Balance at 1 August 2022	9,843	40,495	14,454	64,792
Surplus/(deficit) from the income and expenditure statement	(179)	(9,043)	-	(9,222)
Other comprehensive income	-	1,164	-	1,164
Total comprehensive income for the year	(179)	(7,879)	-	(8,058)
Balance at 1 August 2023	9,664	32,615	14,454	56,733

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 July 2023		As at 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible Fixed assets	11	152,793	108,603	152,464	106,814
Heritage assets	12	6,241	6,205	6,205	6,205
Investment properties	13	4,025	3,250	3,519	2,519
Investments	14	724	-	807	-
		163,783	118,058	162,995	115,538
Current assets					
Assets held for sale	11	1,957	1,957	1,957	1,957
Stock	16	569	342	527	281
Trade and other receivables	17	37,207	46,511	34,651	41,272
Investments	18	6,009	5,993	5,917	5,901
Cash and cash equivalents		44,826	22,758	59,527	37,758
		90,568	77,561	102,579	87,169
Less: Creditors: amounts falling due within one year	19	(74,644)	(74,644)	(68,854)	(65,875)
Net current assets/(liabilities)		15,924	2,917	33,725	21,294
Total assets less current liabilities		179,707	120,975	196,720	136,832
Creditors: amounts falling due after more than one year	20	(30,533)	(30,331)	(32,529)	(32,366)
Provisions					
Pension provisions	27	(33,226)	(33,226)	(47,813)	(38,775)
Other provisions	21	(1,926)	(685)	(2,255)	(899)
Net assets		114,022	56,733	114,123	64,792
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	10,120	9,664	10,296	9,843
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		80,806	32,615	80,600	40,495
Revaluation reserve		23,967	14,454	23,967	14,454
		114,893	56,733	114,863	64,792
Non-controlling interest	25	(871)	-	(740)	-
Total Reserves		114,022	56,733	114,123	64,792

The accompanying notes and policies on pages 49 to 90 form part of these financial statements.

The financial statements were approved by the Governing Body on 7th February 2024 and were signed on its behalf on that date by:



Emlyn Dole (Chair)



Prof Elwen Evans KC (Vice-Chancellor)

CONSOLIDATED STATEMENT OF CASHFLOWS

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
Deficit for the year		(11,278)	(16,373)
Adjustment for non-cash items			
Depreciation and impairments	11	11,033	9,635
(Gain)/Loss in market value of investments		155	254
(Gain)/Loss in investment properties	13	300	27
Loss in revaluation of livestock	11	-	-
Decrease/(increase) in stock	16	(42)	(40)
Decrease/(increase) in debtors	17	(2,554)	(8,239)
Increase/(decrease) in creditors	19	7,603	5,306
Increase/(decrease) in other provisions	21	(330)	(355)
Pension costs less contributions payable	27	(3,410)	26,875
Tax paid in year		-	-
Share of operating (surplus)/deficit in associate & JV	14	-	-
Adjustment for investing or financing activities			
Investment income	6	(1,393)	(1,717)
Interest payable	8	1,507	1,639
Capital grant income		(1,063)	(1,050)
Profit on the sale of fixed assets		(41)	(232)
Endowment received in the year		-	1,343
Net cash inflow/(outflow) from operating activities		487	17,073
Cash flows from investing activities			
Proceeds from sales of fixed assets		42	3,521
Capital grant receipts		1,063	1,050
Investment income		1,393	820
New non-current asset investments			
Payments made to acquire fixed assets		(11,648)	(14,185)
		(9,150)	(8,793)
Cash flows from financing activities			
Interest element of finance lease rental payment		(54)	(54)
Interest paid		(1,416)	(1,714)
New finance leases		500	586
Loan repayments		(4,181)	(2,000)
Net capital element of finance lease rental payments		(889)	(426)
		(6,040)	(3,608)
Increase/(decrease) in cash and cash equivalents in the year		(14,701)	4,671
Cash and cash equivalents at beginning of the year		59,527	27,048
Cash and cash equivalents at end of the year		44,826	59,527

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

a. Basis of preparation

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

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

b. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2023, which include Coleg Sir Gâr and Coleg Ceredigion. Intra entity transactions are eliminated fully on consolidation.

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

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

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

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

c. Going Concern

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

After adjusting for non-cash adjustments on the pension provisions of £3.4 million and other non-core items (as noted on page 20), the University has recorded a deficit in the year of £9.2 million. A negative cash flow before capital expenditure of £4.7 million was also recorded. The budget for 2023/2024 targets a surplus of £5.0 million before land sales and positive operating cash inflow of £12.9million which after capital activity results in a negative cash flow of £2.9m. Following the autumn student enrolment cycle a reforecast position for the year has been produced that reduces the net cash outflow to £1m for the year. From this senior management and Council are content that the University is in a satisfactory position to complete its current capital program during 2023/2024 with the University being in a position to return to a surplus and cash generating position from 2024/2025 as the benefits of the capital expenditure are realised.

As noted on page 20 in the financial review the reported deficit of £11.3 million for the year is based on an underlying deficit of £13.6 million which represents a deterioration from the operating position of the University and Group in the prior year where an underlying surplus of £8.6 million was reported. University's management have identified the reasons for the deficit in the year and have implemented action plans to bring expenditure into line with income levels for future periods. In determining this management note that whilst income grew in the year from 2021/2022 the expected income growth from the budget was not met. Pay costs rose to 53% of income in the year, being the significant driver in expenditure increases, this level is in line with the sector and is felt to be appropriate for the expected income levels in 2023/2024. Actions to reduce non pay expenditure were implemented late in the year and did not have a material impact during 2022/2023, the benefit of cost management exercises will be realised during 2023/2024, helping to reverse the deficit position from the year to July 2023.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

The current underlying income level and cost base are felt to be sustainable, with the budget for 2023/2024 showing further growth in income and in its EBITDA performance.

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

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

The University and its subsidiaries prepared five year financial forecasts as part of the 2023/2024 budget process that deliver surpluses and positive cashflow in each year based on the above plans. They have also considered alternative "downside" scenarios if these plans are not realised and the alternative mitigating actions that would be required as a result. The early performance in 2023/2024 is in line with the overall budget expectations for the period, a reforecast exercise was carried out following the autumn intake that produces a business plan to deliver a surplus for the year. The University has a number of mitigations and income opportunities that can be actioned should in year recruitment and performance deviate from this position.

The forecasts are made with an underlying assumption of continued support from its bankers in the provision of its loan facility. The Group renewed its term loan facility with HSBC for a 5 year period to April 2029 on 31 January 2024. As part of the renewal, the University has agreed updated covenants and is forecasting to achieve the revised covenant obligations throughout the going concern period, even when considering the stress testing and sensitivity.

The Group banking covenants to HSBC are tested on a quarterly basis on the 31st October, 31st January, 31st April and 31st July. The forecasts referred to above demonstrate that the University and its subsidiaries will be compliant with its covenants during the assessment period on both base case and downside with mitigation case scenarios.

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

d. Income recognition

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

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

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

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

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

Grant Funding

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

Donations and Endowments

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

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

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

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital Grants

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

e. Accounting for retirement benefits

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

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

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

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

Multi- Employer Schemes

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme.

Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined Benefit Plan

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

f. Employment benefits

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

g. Finance Leases

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

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023**h. Operating Leases**

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

i. Foreign Currency

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

j. Fixed Assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

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

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

A full years depreciation is charged in the year of acquisition

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

A full years depreciation is charged in the year of acquisition

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

Borrowing costs

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

k. Heritage Assets

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

Works of Art are included at costs incurred from 1 April 1981 or subsequent revaluation. The latest valuation of heritage assets was at 31 July 2014, which was carried out for insurance purposes. This valuation indicated that the value had increased, however no gain was recognised for accounting purposes.

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

l. Investment Properties

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

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

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

m. Investments

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

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

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

n. Stock

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

o. Financial InstrumentsTrade and other debtors/creditors

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

Interest bearing borrowings

Interest-bearing borrowings other than public benefit entity concessionary loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Concessionary loans are recognised initially at the amount received or paid and subsequently measured at cost plus any accrued interest payable or receivable.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in income or expenditure.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

p. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. A contingent asset arises where an event has taken place that gives the University a probable asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

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

q. Accounting for joint ventures and associates

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

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

r. Taxation

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

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

Several of the University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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

s. Reserves

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

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

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2023

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

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

Defined benefit pension scheme assumptions

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

USS pension scheme assumptions

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

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

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

Further details are set out in note 27

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Tuition fees and education contracts				
Full-time home and EU students	75,039	72,102	78,103	74,265
Full-time international students	8,998	11,723	7,835	7,835
Part-time students	7,292	3,934	3,178	3,292
Education contracts	1,406	-	2,452	-
	92,735	87,759	91,568	85,392

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Funding body grants				
Recurrent grant				
HEFCW Teaching grants	2,800	2,800	2,997	2,997
HEFCW Research grants	4,172	4,172	2,791	2,791
Welsh Government	43,083	-	43,439	-
Specific grants				
HEFCW Student wellbeing grants	452	452	462	462
HEFCW Capital grants	1,063	1,063	911	911
HEFCW Other grants	1,256	1,256	5,780	5,780
Welsh Government grants	7,768	-	7,898	-
	60,594	9,743	64,278	12,941

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Research grants and contracts				
Research councils	357	357	108	108
Research charities	45	45	37	37
Other	1,925	1,955	233	233
	2,327	2,357	378	378

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Other income				
Residences, catering and conferences	5,047	3,989	3,591	2,887
Other revenue grants	10,910	5,800	9,896	4,955
Other capital grants	-	-	1,050	1,050
Other income generating activities	4,485	2,991	3,402	2,184
Other income	5,625	3,041	4,990	2,862
	26,067	15,821	22,929	13,938

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Investment income				
Investment income on endowments	262	262	84	84
Other investment income	877	376	69	15
Increase in fair value of derivative	254	254	1,564	1,564
	1,393	892	1,717	1,663

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs				
Salaries	71,933	48,605	65,271	44,260
Social security costs	7,484	5,217	6,449	4,367
Movement on USS provision	(2,273)	(2,273)	23,995	23,995
Other pension costs	15,691	10,170	15,866	8,733
Restructuring Costs	977	56	246	246
	93,812	61,775	111,827	81,601

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Emoluments of the Vice-Chancellor		
Salary	285	240
Monetary value of benefits: Health Insurance	3	3
	288	243
Pension contributions to USS	57	54
	345	297

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

	Year ended 31 July 2023 No.	Year ended 31 July 2022 No.
£100,000 to £104,999	-	1
£105,000 to £109,999	-	-
£110,000 to £114,999	-	1
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	1	-
£135,000 to £139,999	-	3
£140,000 to £144,999	-	-
£145,000 to £149,999	3	-
£150,000 to £154,999	-	1
£155,000 to £159,999	3	-
£160,000 to £164,999	-	1
£165,000 to £169,999	-	-
£170,000 to £174,999	-	-
£175,000 to £179,999	1	-
	8	7

There was no compensation payable to higher paid staff in the year (2022: £nil)

NOTES TO THE ACCOUNTS

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

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Key management personnel remuneration	1,869	1,164
	No.	No.
Key management personnel	12	9

The pay award offered by UCEA, applicable from August 2022 was 3.5% for all staff on the national pay spine. In addition to this as a Real Living Wage employer, the University enacted the increase to the National Living Wage, including where applicable the London weighting. Where eligible, staff were awarded progression pay increases in the usual manner. In January 2023 the pay award for August 2023 was partially implemented with a 2% uplift applied to salaries. The remaining 3% of the 2023 pay award was applied from 1st August 2023

7 Staff costs (continued)

	Year ended 31 July 2023	Year ended 31 July 2022
	No.	No.
Average staff numbers by:		
Academic departments	800	736
Non-academic departments	1,139	1,026
	1,938	1,762

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

Restructuring Costs

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

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Paid to employees on termination of employment	977	56	246	246

Trustees

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

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

No Council member has received any remuneration/waived payments from the group during the year (2022: £nil).

NOTES TO THE ACCOUNTS

The total expenses paid to or on behalf of 23 council members was £12K (2022: £9K to 23 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity

7 Staff costs (continued)

Vice-Chancellor Remuneration Statement

The ratio of the salary of the Vice-Chancellor compared to the median average of the University is 6.66:1 and the ratio of the total remuneration of the Vice-Chancellor compared to the median average of the University is 7.61:1

The Remuneration Committee noted the Vice-Chancellor's current salary was below the average in the HEFCW comparator group and also noted the Chair of Council's report on the Vice-Chancellor's contribution and key achievements (for clarity, the University does not operate a performance-related pay bonus scheme).

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

The Vice-Chancellor has a significant breadth of responsibility spanning Higher Education and Further Education. This includes the University of Wales Trinity St David, The University of Wales, Coleg Sir Gâr and Coleg Ceredigion. Within UWTSD, there has been an expansion of responsibility in Birmingham and London. In recognition of all the relevant contextual information including the level of the sector pay award and the need to broadly maintain UWTSD's position amongst the comparators, the Vice-Chancellor was awarded a salary increase for 2022/2023. 100% of the Vice-Chancellor's emoluments are disclosed in these accounts and do not take into account any recharge to the University of Wales.

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

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

The Remuneration Committee adheres to the Higher Education Senior Staff Remuneration Code, published by the CUC. Its deliberations take account of the context in which the institution operates. It considers the value delivered by an individual acting within a role based on relevant components for the UWTSD context. The Committee considers appropriate comparative information of other Universities to inform its decisions including the annual rate of increase of the average remuneration of all other staff. It also considers the Corporate Risk Register and a report on complaints made to the University by students, staff and external persons. The Committee makes every effort to ensure that all recommendations are fair and consider the institutional interest, key stakeholders and partners including the student community and wider society. The safeguarding of public funds also forms part of its deliberations.

The Chair of the Remuneration Committee is responsible for presenting the recommendations of the Remuneration Committee to the University's Council.

On the 1st August 2023 Professor Elwen Evans KC replaced Professor Medwin Hughes as the Vice-Chancellor for both University of Wales Trinity Saint David and University of Wales. As this appointment was after the 31st July 2023 there is no reference to be made to the ratio of the salary of the new Vice-Chancellor to the median employee salary.

Professor Medwin Hughes was in role as Vice-Chancellor for the entirety of the financial year and the ratio noted above therefore covers 12 months' salary.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs				
Finance leases	54	25	54	23
Loan interest	1,416	1,416	1,503	1,503
Net charge on pension schemes	1,549	1,265	1,088	588
Other	5	3	136	135
	3,024	2,709	2,781	2,249

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of other operating expenses by activity				
Academic and related expenditure	34,133	26,361	35,868	19,948
Administration and central services	19,811	11,726	19,336	9,826
Premises	14,365	11,283	10,450	7,925
Residences, catering and conferences	1,876	983	1,382	716
Other expenses	15,931	3,210	5,906	3,445
	86,116	53,563	72,942	41,860

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other operating expenses include:				
External auditor's remuneration in respect of audit services:				
These financial statements	114	114	74	74
Other group financial statements	109	-	84	-
External auditor's remuneration in respect of non-audit services				
Audit related assurance services	31	31	33	33
Tax compliance services	-	-	-	-
Tax advisory services	9	-	20	-

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Taxation				
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	(14)	-	12	-
Prior year adjustment	9	-	(3)	-
Current tax expense	(5)	-	9	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	(5)	-	9	-

NOTES TO THE ACCOUNTS**10 Taxation (continued)****Factors affecting the total tax charge for the current period**

The tax assessed for the period relates to Eclectica Drindod Limited, Mentrau Creadigol Cymru , UWTS D Investments and Y Ganolfan Dysgu Cymraeg Genedlaethol and is lower than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained as follows:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
(Deficit)/Surplus before tax	(11,3278)	(9,223)	(16,499)	(17,489)
Amounts not subject to tax	10,352	9,223	16,363	17,489
Taxable Profits	(926)	-	(136)	-
Tax at 19% (2022: 19%)	(176)	-	(25)	-
Effects of:				
Disallowable expenditure	162	-	37	-
Prior year adjustment	9	-	(3)	-
Total tax charged in the year	(5)	-	9	-

The standard rate of tax applied to reported profit is 19% (2022: 19%).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

NOTES TO THE ACCOUNTS

	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
11 Tangible fixed assets							
Consolidated							
Cost or valuation							
At 1 August 2022	182,753	5,940	18,532	28,171	202	386	235,984
Additions in the year	2,083	3,337	-	6,577	19	-	12,016
Transfers	2,656	(4,042)	-	1,386	-	-	-
Transfer to Investment Properties	(806)	-	-	-	-	-	(806)
Disposals	-	-	-	(172)	(10)	(5)	(187)
At 31 July 2023	186,686	5,235	18,532	35,962	211	381	247,007
Accumulated depreciation							
At 1 August 2022	56,226	-	4,755	20,416	166	-	81,563
Charge for the year	4,068	-	365	6,584	16	-	11,033
Transfer to Investment Properties	(261)	-	-	-	-	-	(261)
Disposals	-	-	-	(68)	(10)	-	(78)
At 31 July 2023	60,033	-	5,120	26,932	172	-	92,257
Net book value							
At 31 July 2023	126,653	5,235	13,412	9,030	39	381	154,750
At 31 July 2022	126,527	5,940	13,777	7,755	36	386	154,421

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

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
Valuation in 1998	19,716	-	-	-	-	381	20,097
Cost	166,970	5,235	18,532	35,962	211	-	226,910
	186,686	5,235	18,532	35,962	211	381	247,007

The University is actively pursuing the sale of land held within tangible fixed assets with a sale expected to complete within 12 months from the balance sheet date, Accordingly this land has been classified within assets held for sale on the Statement of Financial Position. The analysis of cost and net book value of the tangible fixed assets at 31 July 2023 is as follows

	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
Cost or valuation							
Tangible fixed assets	184,729	5,235	18,532	35,959	211	381	244,682
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	186,686	5,235	18,532	35,962	211	381	246,639
Net book value							
Tangible fixed assets	124,696	5,235	13,412	9,030	39	381	152,793
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	126,653	5,235	13,412	9,030	39	381	154,750

NOTES TO THE ACCOUNTS

	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
11 Tangible fixed assets (continued)							
University							
Cost or valuation							
At 1 August 2021	113,714	5,436	18,532	12,147	203	-	150,032
Additions in the year	1,948	3,167	-	4,741	19	-	9,875
Transfers	2,656	(4,042)	-	1,386	-	-	-
Transfer to Investment Properties	(806)	-	-	-	-	-	(806)
Disposals	-	-	-	-	(10)	-	(10)
At 31 July 2022	117,512	4,561	18,532	18,274	212	-	159,091
Accumulated Depreciation							
At 1 August 2021	28,577	-	4,755	7,763	166	-	41,261
Charge for the year	2,317	-	365	4,582	16	-	7,280
Disposals	-	-	-	-	(10)	-	(10)
At 31 July 2022	30,895	-	5,121	12,345	172	-	48,531
Net book value							
At 31 July 2022	86,617	4,561	13,411	5,929	41	-	110,560
At 31 July 2021	85,137	5,436	13,777	4,384	37	-	108,771

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

The analysis of cost and net book value of the tangible fixed assets at 31 July 2023 is as follows

	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
Cost or valuation							
Tangible fixed assets	115,555	4,561	18,532	18,274	212	-	157,094
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	117,512	4,561	18,532	18,274	212	-	159,091
Net book value							
Tangible fixed assets	84,660	4,561	13,411	5,929	41	-	108,603
Assets held for sale	1,957	-	-	-	-	-	1,957
As per schedule	86,617	4,561	13,411	5,929	41	-	110,560

NOTES TO THE ACCOUNTS

12 Heritage assets**Consolidated and University**

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

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

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

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

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

	Freehold Property	
	Consolidated £'000	University £'000
13 Investment properties		
Balance at 1 August 2022	3,519	2,519
Disposals		
Transfer from fixed assets	806	806
Revaluation	(300)	(75)
Balance at 31 July 2023	4,025	3,250

The Investment properties are valued by an independent RICS registered valuer on an annual basis with the latest valuation being dated 31st July 2023. The valuation basis for the investment properties is at fair value as defined under IFRS with an assumption that the properties selling value is subject to any existing leases. The revaluation amount recognised in 2023 relates to revaluing the investment properties to fair value in line with a valuation prepared by Savilles.

The University has no restriction of use on the income generated from the investment properties and at 31 July 2023 has no contractual obligations for future development or maintenance of the properties.

	Interest in Joint Venture (Note 15) £'000	Other fixed asset investments £'000	Total £'000
14 Non-current investments			
Consolidated			
At 1 August 2022	721	303	1,024
Additions	-	-	-
Disposals	(60)	-	(60)
Impairment	-	(55)	(55)
At 31 July 2023	661	248	909
Share of post-acquisition reserves			
At 1 August 2022	(217)	-	(217)
Retained profit less losses	32	-	32
At 31 July 2023	(185)	-	(185)
Balance at 31 July 2023	476	248	724
Balance at 31 July 2022	504	303	807

NOTES TO THE ACCOUNTS

	Investment in Subsidiary	Total
14 Non-current investments (continued)		
University	£'000	£'000
At 1 August 2022	-	-
Additions	-	-
Disposals	-	-
Impairment	-	-
At 31 July 2023	-	-

15 Investment in joint venture

One of the University's subsidiaries, UWTSI Investments Limited, holds a 50% share of OSTC TSD LLP, a limited liability partnership. This is a joint venture owned equally by UWTSI Investments Limited and OSTC, a Commercial Company. The investment in OSTC TSD LLP is partly in share capital (£300,000 (2022: £300,000)) and partly as an unsecured loan, repayable on demand, with an interest rate of 4% over base rate (£429,656 (2022: £457,198)). The de is way of accrued interest earned in the period of £32,458 (2022: £18,952) less a partial loan repayment of £60,000 which was allocated against accrued interest.

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 2022) is £nil (2021: £nil). The Group's interest in the joint venture is £476,458 (2021: £504,000), consisting of the loan as disclosed above, plus capital investment in its consolidated balance sheet.

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Stock				
Finished goods	558	342	516	281
Livestock for resale	11	-	11	-
	569	342	527	281

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Trade and other receivables				
Amounts falling due within one year:				
Trade debtors	30,363	29,835	26,495	25,958
Prepayments and accrued income	5,925	4,074	7,490	3,583
Amounts due from subsidiary companies	-	11,683	-	11,065
Derivatives	919	919	666	666
	37,207	46,511	34,651	41,272

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

NOTES TO THE ACCOUNTS

17 Trade and other receivables (continued)	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Trade and other receivables				
Due within one year	37,207	34,828	34,651	30,207
Due after one year	-	11,683	-	11,065
Total	37,207	46,511	34,651	41,272

The derivatives relate to an interest rate swap contract which is used to fix the rate of the University's loan at 1.435% plus bank lending margin. This is held at fair value and has been valued using mark to market.

18 Investments	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term investment in shares	5,994	5,993	5,902	5,901
Short term deposits	15	-	15	-
	6,009	5,993	5,917	5,901

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

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

19 Creditors: amounts falling due within one year	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts due on land purchase	-	-	2,181	2,181
Secured loans (note 20)	2,615	2,615	2,347	2,347
Obligations under finance leases (note 20)	669	459	823	613
Trade creditors	14,108	11,814	15,467	13,766
Social security and other taxation payable	2,054	1,382	1,955	1,497
Accruals and deferred income	55,198	48,372	46,081	35,728
Amounts due to subsidiary companies	-	10,002	-	9,743
	74,644	74,644	68,854	65,875

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

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Funding Body Grants	234	234	1,866	1,866
Other Grant Income	4,834	3,850	4,563	4,563
Capital Grant Income	8,068	8,068	-	-
Student Income	24,410	24,410	20,096	20,096
Other Income	2,839	2,817	2,860	2,803
	40,385	39,379	29,385	29,328

NOTES TO THE ACCOUNTS

19 Creditors due within one year (continued)

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

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

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
20 Creditors: amounts falling due after more than one year				
Obligations under finance leases	533	331	529	366
Secured loans	30,000	30,000	32,000	32,000
	30,533	30,331	32,529	32,366

The unsecured loan is held in UW Centre for Advanced Batch Manufacture and is due to University of Wales

Analysis of obligations under finance leases

Due within one year (note 19)	669	459	823	613
Due between two and five years	533	331	529	366
Total obligations under finance leases	1,202	790	1,352	979

Analysis of secured loans:

Due within one year or on demand (note 19)	2,615	2,615	2,347	2,347
Due between one and two years	30,000	30,000	2,000	2,000
Due between two and five years	-	-	30,000	30,000
Due in five years or more	-	-	-	-
Total secured loans	32,615	32,615	34,347	34,347

The borrowing at 31 July 2023 and 31 July 2022 consisted of

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

The facility was renewed on 31 January 2024 and at the date of signing consisted of

Lender	Instrument	Amount £'000	Term	Interest Rate %	Borrower
HSBC	Term loan	38,000	To 2029	2.35% over the prevailing SONIA rate	University

NOTES TO THE ACCOUNTS

	Other	Pension enhancements on termination	Pension scheme rectification	Total provisions
	£'000	£'000	£'000	£'000
21 Provision for liabilities				
Consolidated				
At 1 August 2022	448	1,769	38	2,255
Utilised in year	-	(341)	-	(341)
Additions in year	-	12	-	12
At 31 July 2023	448	1,440	38	1,926

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

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

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

	Pension enhancements on termination	Pension scheme rectification	Total provisions
	£'000	£'000	£'000
Provision for liabilities			
University			
At 1 August 2022	861	38	899
Utilised in year	(214)	-	(214)
Additions in year	-	-	-
At 31 July 2023	647	38	685

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

NOTES TO THE ACCOUNTS

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	Restricted expendable endowment £'000	2023 Total £'000	2022 Total £'000
22 Endowment funds					
Consolidated					
Restricted net assets relating to endowments are as follows:					
Balance at 1 August					
Capital	2,500	5,266	25	7,791	6,569
Accumulated income	50	2,455	-	2,505	2,470
	2,550	7,721	25	10,296	9,039
New endowments	-	(10)	-	(10)	1,343
Investment income	10	385	-	395	300
Expenditure	-	(232)	-	(232)	(269)
Increase/(decrease) in market value of investments	-	(329)	-	(329)	(117)
Total endowment comprehensive income for the year	10	(186)	-	(176)	1,257
Balance at 31 July	2,560	7,535	25	10,120	10,296
Represented by:					
Capital	2,500	4,927	25	7,452	7,791
Accumulated income	60	2,608	-	2,668	2,505
	2,560	7,535	25	10,120	10,296
Analysis by type of purpose:					
Lectureships	-	4,069	-	4,069	4,146
Fellowships, scholarships and prize funds	23	1,716	25	1,764	1,878
General	2,537	1,750	-	4,287	4,272
	2,560	7,535	25	10,120	10,296
Analysis by asset					
Investments	47	5,736	25	5,808	5,765
Cash	688	1,894	-	2,582	4,626
Debtors	1,825	-	-	1,825	-
Creditors	-	(95)	-	(95)	(95)
	2,560	7,535	25	10,120	10,296

NOTES TO THE ACCOUNTS

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	2023 Total £'000	2022 Total £'000
22 Endowment funds (continued)				
University				
Restricted net assets relating to endowments are as follows:				
Balance at 1 August				
Capital	2,370	5,101	7,471	6,248
Accumulated income	3	2,369	2,372	2,342
	<u>2,373</u>	<u>7,470</u>	<u>9,843</u>	<u>8,590</u>
New endowments	-	(10)	(10)	1,343
Investment income	7	385	392	300
Expenditure	-	(232)	(232)	(269)
Increase/(decrease) in market value of investments	-	(329)	(329)	(121)
Total endowment comprehensive income for the year	7	(186)	(179)	1,253
Balance at 31 July	<u>2,380</u>	<u>7,284</u>	<u>9,664</u>	<u>9,843</u>
Represented by:				
Capital	2,370	4,762	7,132	7,471
Accumulated income	10	2,522	2,532	2,372
	<u>2,380</u>	<u>7,284</u>	<u>9,664</u>	<u>9,843</u>
Analysis by type of purpose:				
Lectureships	-	3,916	3,916	3,995
Fellowships, scholarships and prize funds	-	1,693	1,693	1,807
General	2,380	1,675	4,055	4,041
	<u>2,380</u>	<u>7,284</u>	<u>9,664</u>	<u>9,843</u>
Analysis by asset				
Investments	47	5,730	5,777	5,736
Cash	511	1,647	2,158	4,202
Debtors	1,824	-	1,824	
Creditors	-	(95)	(95)	(95)
	<u>2,382</u>	<u>7,282</u>	<u>9,664</u>	<u>9,843</u>
	Year ended 31 July 2023	Year ended 31 July 2022		
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
23 Capital and other commitments				
Provision has not been made for the following capital commitments at 31 July 2022				
Commitments contracted for	17,277	17,277	-	-
Commitments authorised	-	-	23,067	23,067
	<u>17,277</u>	<u>17,277</u>	<u>23,067</u>	<u>23,067</u>

NOTES TO THE ACCOUNTS

	Land and buildings £'000	At 31 July 2023 Other leases £'000	Total £'000	At 31 July 2022 Total £'000
24 Lease obligations				
Consolidated				
Total rentals payable under operating leases:				
Payable during the year	2,590	167	2,757	2,293
Future minimum lease payments due:				
Not later than 1 year	2,722	52	2,774	2,671
Later than 1 year and not later 5 years	6,938	143	7,081	3,622
Greater than 5 years	16,384	-	16,384	3,236
Total lease payments due	26,044	195	26,239	9,529
University				
Total rentals payable under operating leases:				
Payable during the year	2,555	33	2,588	2,104
Future minimum lease payments due:				
Not later than 1 year	2,680	23	2,703	2,584
Later than 1 year and not later 5 years	6,922	21	6,943	3,494
Greater than 5 years	16,384	-	16,384	3,236
Total lease payments due	25,986	44	26,030	9,314

25 Subsidiary undertakings

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

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

NOTES TO THE ACCOUNTS

26 Related Parties

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

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

Balances: Receivables £4,706 (2022: £3,829), Payables £416,850 (2022: £1,229,253)

Total income £53,234 (2022: £43,402), Total expenditure £1,664,130 (2022: £846,601)

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

Balances: Receivables £nil (2022: £nil), Payables £nil (2022: £37,529)

Total income £nil (2022: £nil), Total expenditure £362 (2022: £37,529)

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

Balances: Receivables £429,656 (2022: £485,268), Payables £nil (2022: £nil)

Total income £32,458 (2022: £18,952), Total expenditure £nil (2022: £nil)

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

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

NOTES TO THE ACCOUNTS**27 Pension schemes**

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

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

The total pension costs included in the consolidated accounts are:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff costs				
TPS contributions				
University of Wales: Trinity Saint David	1,108	1,108	1,148	1,148
Coleg Sir Gâr	2,333	-	2,216	-
Coleg Ceredigion		-		-
USS contributions				
University of Wales: Trinity Saint David	7,881	7,881	6,223	6,223
Local Government contributions				
University of Wales Trinity Saint David	2,097	2,097	1,962	1,962
Coleg Sir Gâr	1,596	-	1,454	-
Coleg Ceredigion	227	-	229	-
In House Scheme				
University of Wales Trinity Saint David	306	306	319	319
Other pension adjustments				
University of Wales Trinity Saint David				
Movement on USS provision	(2,273)	(2,273)	23,271	23,271
Service costs				
Coleg Sir Gâr	592	-	2,353	-
Coleg Ceredigion	124	-	371	-
Restructuring Provision				
University of Wales Trinity Saint David	-	-	-	-
Coleg Sir Gâr	12	-	(78)	-
Coleg Ceredigion	(40)	-	(23)	-
Total Pension costs per note 7	13,963	9,119	39,445	32,923
Interest Costs				
Local Government – University	99	99	422	422
Local Government – Coleg Sir Gâr	259	-	433	-
Local Government – Coleg Ceredigion	25	-	67	-
In House Scheme – University	(44)	(44)	51	51
USS – University	1,210	1,210	115	115
Total Pension interest cost per note 8	1,549	1,265	1,088	588

NOTES TO THE ACCOUNTS**27 Pension schemes (continued)**

The pension liability/(asset) disclosed in the balance sheet is summarised as follows:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
In House Scheme				
University of Wales: Trinity Saint David	-	-	-	-
USS Pension Scheme				
University of Wales: Trinity Saint David	33,226	33,226	36,551	36,551
Local Government Schemes				
University of Wales: Trinity Saint David (Dyfed)	-	-	-	-
University of Wales: Trinity Saint David (Swansea)	-	-	2,224	2,224
Coleg Sir Gâr	-	-	8,214	-
Coleg Ceredigion	-	-	824	-
Liability at 31 July	33,226	33,226	47,813	38,775

The LGPS and In House schemes are in a technical surplus position at 31st July 2023. The University and group have applied IAS19 in calculating a cap to the gains which caps the overall scheme asset positions to nil. This has an impact on reducing the recognised actuarial gains in these financial statements from the FRS102 gains, as set out below in the individual scheme notes.

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 2022 by a qualified independent actuary. The major assumptions used by the actuary were:

	2022 Valuation %	2019 Valuation %
Rate of increase in pensionable pay	4.6	3.9
Rate of increase in pensions in payment	3.1	2.4
Discount rate		
- in service	5.1	4.1
- left service	4.55	4.1
Inflation assumptions	3.1	2.4

The valuation states that the market value of the assets held at the valuation date amounted to £3,243 million and the present value of the scheme liabilities was £2,508 million. Representing a funding level of 129% and a surplus of £735 million.

The employer contribution rate was 22% during the year

NOTES TO THE ACCOUNTS**LGPS (continued)****Dyfed Scheme (continued)****FRS102 disclosure**

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2022 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2023. The projected unit method was used.

	2023	2022
	%	%
Rate of increase in salaries	4.2	4.2
Rate of increase in pensions	2.8	2.8
Discount rate	5.1	3.5
Rate of inflation	2.7	2.7

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.

	2023	2022
Males		
Future lifetime from age 65 (currently aged 65)	21.4	23.0
Future lifetime from age 65 (currently aged 45)	22.8	24.4
Females		
Future lifetime from age 65 (currently aged 65)	23.7	24.9
Future lifetime from age 65 (currently aged 45)	25.5	27.1

	Split at 31 July 2023	Split at 31 July 2022
	%	%
Split of scheme assets		
Equities	73.1	70.4
Government Bonds	0.2	1.4
Other Bonds	8.5	7.3
Property	13.2	15.8
Cash/liquidity and other	5.0	5.1
	100	100

LGPS Dyfed Scheme – University of Wales: Trinity Saint David

The following amounts at 31 July 2023 and 31 July 2022 were measured in accordance with the requirements of FRS102.

	31 July 2023	31 July 2022
	£'000	£'000
Fair value of assets	27,068	27,371
Present value of scheme liabilities	(21,847)	(29,595)
Surplus/(deficit) in the scheme	5,221	(2,224)
Effect of asset ceiling	(5,221)	-
Recognised pension asset/(liability)	-	(2,224)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(573)	(883)
Past service cost	-	-
Administration expenses	(8)	(8)
Curtailment	-	-
Total operating charge	(581)	(891)

NOTES TO THE ACCOUNTS

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

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of finance income and charges		
Expected return on assets	955	442
Interest on pension liabilities	(1,024)	(624)
Net finance cost	(69)	(182)

	31 July 2023	31 July 2022
	£'000	£'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	(1,073)	(691)
Effects of changes in assumptions underlying the present value of scheme liabilities	8,723	10,605
Effect of asset ceiling	(5,221)	-
	2,429	9,914

	31 July 2023	31 July 2022
	£'000	£'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(2,224)	(11,497)
Administration expenses	(8)	(8)
Current service cost	(573)	(883)
Contributions paid by the employer	445	432
Net finance cost	(69)	(182)
Actuarial gain/(loss)	7,650	9,914
Surplus/(deficit) in scheme at the end of the year	5,221	(2,224)
Effect of asset ceiling	(5,221)	-
Recognised pension asset/(liability)	-	(2,224)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(29,595)	(39,182)
Current service cost	(573)	(883)
Past service cost	-	-
Interest cost	(1,024)	(624)
Member contributions	(140)	(131)
Change in financial assumptions	7,216	12,132
Change in demographic assumptions	944	257
Experience gain/(loss)	563	(1,784)
Curtailement	-	-
Benefits paid	762	620
At 31 July	(21,847)	(29,595)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of the movement in the present value of the scheme assets		
At 1 August	27,371	27,685
Expected rate of return on scheme assets	955	442
Re measurement gains on assets	(1,073)	(691)
Administration expenses	(8)	(8)
Employer contributions	445	432
Members contributions	140	131
Benefits paid	(762)	(620)
At 31 July	27,068	27,371

NOTES TO THE ACCOUNTS

Effect of the asset ceiling	(5,221)	-
Recognised value of the scheme assets at 31 July	21,847	27,371

LGPS Dyfed Scheme – Coleg Sir Gâr

The following amounts at 31 July 2023 and 31 July 2022 were measured in accordance with the requirements of FRS102

	31 July 2023	31 July 2022
	£'000	£'000
Fair value of assets	57,252	54,837
Present value of scheme liabilities	(50,842)	(63,051)
Surplus/(Deficit) in the scheme	6,410	(8,214)
Effect of the asset ceiling	(6,410)	-
Recognised pension asset/(liability)	-	(8,214)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(2,192)	(3,403)
Past service cost	-	-
Administration expenses	(32)	(29)
Curtailement	(25)	-
Total operating charge	(2,249)	(3,432)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of finance income and charges		
Expected return on assets	1,936	881
Interest on pension liabilities	(2,195)	(1,314)
Net finance cost	(259)	(433)

	31 July 2023	31 July 2022
	£'000	£'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	(435)	(1,376)
Effects of changes in assumptions underlying the present value of scheme liabilities	15,910	23,196
Effect of asset ceiling	(6,410)	-
	9,065	21,820

	31 July 2023	31 July 2022
	£'000	£'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(8,214)	(27,681)
Operating cost	(2,249)	(3,432)
Contributions paid by the employer	1,657	1,512
Net finance cost	(259)	(433)
Actuarial gain/(loss)	15,475	21,820
Surplus/(deficit) in scheme at the end of the year	6,410	(8,214)
Effect of the asset ceiling	(6,410)	-
Recognised pension asset/(liability)	-	(8,214)

NOTES TO THE ACCOUNTS**LGPS Dyfed Scheme – Coleg Sir Gâr (continued)**

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(63,051)	(82,502)
Current service cost	(2,192)	(3,403)
Past service cost	-	-
Interest cost	(2,195)	(1,314)
Member contributions	(497)	(454)
Change in financial assumptions	17,618	27,035
Change in demographic assumptions	2,189	556
Experience gain/(loss)	(3,897)	(4,395)
Curtailement	(25)	-
Benefits paid	1,208	1,426
At 31 July	(50,842)	(63,051)
Analysis of the movement in the present value of the scheme assets		
At 1 August	54,837	54,821
Expected rate of return on scheme assets	1,936	881
Re measurement gains on assets	(435)	(1,376)
Administration expenses	(32)	(29)
Employer contributions	1,657	1,512
Members contributions	497	454
Benefits paid	(1,208)	(1,426)
At 31 July	57,252	54,837
Effect of the asset ceiling	(6,410)	-
Recognised value of the scheme assets at 31 July	50,842	54,837

NOTES TO THE ACCOUNTS**LGPS Dyfed Scheme – Coleg Ceredigion**

The following amounts at 31 July 2023 and 31 July 2022 were measured in accordance with the requirements of FRS102

	31 July 2023	31 July 2022
	£'000	£'000
Fair value of assets	12,898	12,282
Present value of scheme liabilities	(10,552)	(13,106)
Surplus/(deficit) in the scheme	2,346	(824)
Effect of asset ceiling	(2,346)	-
Recognised pension asset/(liability)	-	(824)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(324)	(530)
Past service cost	-	-
Administration expenses	(5)	(5)
Curtailement	-	-
Total operating charge	(329)	(535)

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of finance income and charges		
Expected return on assets	429	199
Interest on pension liabilities	(454)	(266)
Net finance cost	(25)	(67)

	31 July 2023	31 July 2022
	£'000	£'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	429	199
Effects of changes in assumptions underlying the present value of scheme liabilities	2,865	3,701
Effect of asset ceiling	(2,346)	-
	948	3,900

	31 July 2023	31 July 2022
	£'000	£'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	(824)	(4,353)
Operating cost	(329)	(535)
Contributions paid by the employer	230	231
Net finance cost	(25)	(67)
Actuarial gain/(loss)	3,294	3,900
Surplus/(deficit) in scheme at the end of the year	2,346	(824)
Effect of asset ceiling	(2,346)	-
Recognised pension asset/(liability)	-	(824)

NOTES TO THE ACCOUNTS**LGPS Dyfed Scheme – Coleg Ceredigion (continued)**

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(13,106)	(16,857)
Current service cost	(324)	(530)
Past service cost	-	-
Interest cost	(454)	(266)
Member contributions	(69)	(69)
Change in financial assumptions	3,317	4,993
Change in demographic assumptions	461	111
Experience gain/(loss)	(751)	(893)
Curtailement	-	-
Benefits paid	374	405
At 31 July	(10,552)	(13,106)
Analysis of the movement in the present value of the scheme assets		
At 1 August	12,282	12,504
Expected rate of return on scheme assets	429	199
Re measurement gains on assets	267	(311)
Administration expenses	(5)	(5)
Employer contributions	230	231
Members contributions	69	69
Benefits paid	(374)	(405)
At 31 July	12,898	12,282
Effect of the asset ceiling	(2,346)	(405)
Recognised value of the scheme assets at 31 July	10,552	12,282

NOTES TO THE ACCOUNTS**LGPS****Swansea Scheme**

Certain employees are members of the City and County of Swansea Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary. The latest actuarial valuation was undertaken at 31 March 2022 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:

	2022 Valuation	2019 Valuation
	%	%
Rate of increase in pensionable pay	3.8	3.6
Rate of increase in pensions in payment	2.3	2.1
Discount rate:		
- in service	4.1	4.25
- left service	0.8	1.6
Inflation assumptions	2.3	2.1

The valuation states that the market value of the assets held at the valuation date amounted to £2.924 million and the present value of the scheme liabilities was £2.921 million. Representing a funding level of 100% and a surplus of £2.8 million.

The employer contribution rate is 40.8% plus an annual deficit contribution of £631,000 payable from April 2023 to March 2024 rising to 40.8% plus an annual deficit and £721,000 in for the period April 2024 to March 2025.

FRS102 disclosure

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2022 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2023. The projected unit method was used.

	2023	2022
	%	%
Rate of increase in salaries	4.1	4.1
Rate of increase in pensions	2.6	2.6
Discount rate	5.0	3.5
Rate of inflation	2.6	2.6

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

	2023	2022
Males		
Future lifetime from age 65 (currently aged 65)	21.7	22.1
Future lifetime from age 65 (currently aged 45)	22.3	23.2
Females		
Future lifetime from age 65 (currently aged 65)	24.2	24.2
Future lifetime from age 65 (currently aged 45)	25.3	25.7

NOTES TO THE ACCOUNTS

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

	Split at 31 July 2023 %	Split at 31 July 2022 %
Split of scheme assets		
Equities	73.6	78.0
Government Bonds	4.5	3.4
Other Bonds	7.0	0.6
Property	4.6	3.7
Cash/liquidity	0.6	1.1
Other*	9.7	13.2
	100	100

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

The following amounts at 31 July 2023 and 31 July 2022 were measured in accordance with the requirements of FRS102

	31 July 2023 £'000	31 July 2022 £'000
Fair value of assets	49,360	47,350
Present value of scheme liabilities	(36,110)	(43,480)
Surplus in the scheme	13,250	3,870
Effect of asset ceiling	(13,250)	(3,870)
Recognised pension asset/(liability)	-	-

	31 July 2023 £'000	31 July 2022 £'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	750	1,480
Past service cost	-	-
Administration expenses	-	-
Curtailment	-	-
Total operating charge	750	1,480

	31 July 2023 £'000	31 July 2022 £'000
Analysis of finance income and charges		
Expected return on assets	1,670	770
Interest on pension liabilities	(1,500)	(1,010)
Net finance cost	170	(240)

	31 July 2023 £'000	31 July 2022 £'000
Amount recognised in other comprehensive income		
Difference between actual and expected return on scheme assets	(190)	870
Effects of changes in assumptions underlying the present value of scheme liabilities	8,490	17,690
Effect of asset ceiling	(9,240)	(3,870)
	(940)	14,690

NOTES TO THE ACCOUNTS

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

	31 July 2023 £'000	31 July 2022 £'000
Movement in scheme at beginning of the year		
Surplus/(deficit) in scheme at beginning of the year	3,870	(14,510)
Current service cost	(750)	(1,480)
Contributions paid by the employer	1,660	1,540
Net finance cost	170	(240)
Actuarial gain/(loss)	8,300	18,560
Surplus/(deficit) in scheme at the end of the year	13,250	3,870
Effect of asset ceiling	(13,250)	(3,870)
Recognised pension asset/(liability)	-	-
	31 July 2023 £'000	31 July 2022 £'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(43,480)	(59,710)
Current service cost	(750)	(1,480)
Past service cost	-	-
Interest cost	(1,500)	(1,010)
Member contributions	(170)	(170)
Change in financial assumptions	10,890	21,051
Change in demographic assumptions	60	354
Experience gain/(loss)	(2,460)	(3,715)
Curtailement	-	-
Benefits paid	1,300	1,200
At 31 July	(36,110)	(43,480)
Analysis of the movement in the present value of the scheme assets		
At 1 August	47,350	45,200
Expected rate of return on scheme assets	1,670	770
Re measurement gains on assets	(190)	870
Administration expenses	-	-
Employer contributions	1,660	1,540
Members contributions	170	170
Benefits paid	(1,300)	(1,200)
At 31 July	49,360	47,350
Effect of asset ceiling	(13,250)	(3,870)
Recognised value of the scheme assets at 31 July	36,110	43,480

NOTES TO THE ACCOUNTS**University of Wales Lampeter Pension and Assurance Scheme (UWLPAS)**

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 2022, the results have been updated to 31 July 2023 by a qualified actuary, independent of the plan's sponsoring employer.

The results of the 31 July 2017 valuation showed a deficit of £1,294,000. The University has agreed with the trustees that it would continue to make contributions at a rate of 19% of employee salaries along with an annual enhanced contribution of £277,990, increasing by 3% p.a. The University will also meet expenses of the scheme and levies to the Pension Protection Fund, insurance premiums for death in service and all management and administration expenses. Member contributions are payable at the rate of 6.25% of pensionable service.

The material assumptions used by the actuary as at 31 July 2023 and for the comparative period, were as follows:

	2023	2022
	%	%
Rate of increase in salaries	4.0	4.1
Rate of increase in pensions in payment	2.5	2.6
Revaluation rate for deferred pensions	2.5	2.5
Discount rate	5.15	3.5
Rate of inflation	2.3	2.2
Allowance for commutation of pension for cash at retirement	Maximum allowed	Maximum allowed

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

	2023	2022
Males retiring at age 65 in 2020	21.0 years	21.0 years
Females retiring at age 65 in 2020	22.9 years	22.9 years
Males retiring at age 65 in 2040	22.3 years	22.3 years
Females retiring at age 65 in 2040	24.5 years	24.5 years

NOTES TO THE ACCOUNTS

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

	Split at 31 July 2023 %	Split at 31 July 2022 %
Split of scheme assets		
Equities	40.9	40.9
Bonds	48.4	48.6
Other	10.7	10.5
	<u>100</u>	<u>100</u>

The following amounts at 31 July 2023, and at 31 July 2022 were measured in accordance with the requirements of FRS102

	31 July 2023 £'000	31 July 2022 £'000
Fair value of assets	18,617	21,488
Present value of scheme liabilities	(15,447)	(19,610)
Surplus/(deficit in the scheme)	3,170	1,878
Effect of asset ceiling	(3,170)	(1,878)
Surplus in the scheme	<u>-</u>	<u>-</u>

	31 July 2023 £'000	31 July 2022 £'000
Analysis of amount charged in Statement of Comprehensive Income		
Current service cost	(51)	(152)
Past service cost	-	-
Administration expenses	-	-
Curtailment	-	-
Total operating charge	<u>(51)</u>	<u>(152)</u>

	31 July 2023 £'000	31 July 2022 £'000
Analysis of finance income and charges		
Expected rate of return on scheme assets	745	379
Interest on pension liabilities	(675)	(430)
Interest expense on effect of asset ceiling	(26)	-
Net finance cost	<u>44</u>	<u>(51)</u>

	31 July 2023 £'000	31 July 2022 £'000
Amount recognised in other comprehensive income		
Return on plan assets – gain	(3,225)	(2,481)
Experienced gains/(losses) arising on plan liabilities	(40)	(717)
Change in financial and demographic assumptions underlying the plan	4,232	8,290
Effect of asset ceiling	(1,292)	(1,878)
Total gain recognised in the statement of comprehensive income	<u>(325)</u>	<u>3,214</u>

NOTES TO THE ACCOUNTS

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

	31 July 2023	31 July 2022
	£'000	£'000
Movement in scheme at beginning of the year		
Deficit in scheme at beginning of the year	-	(3,329)
Current service cost	(51)	(152)
Contributions paid by the employer	306	318
Net finance cost	70	(51)
Expenses	-	-
Losses due to benefit changes	-	-
Actuarial gain/(loss)	967	5,092
Effect of the asset ceiling	(1,292)	(1,878)
Surplus in scheme at the end of the year	-	-

	31 July 2023	31 July 2022
	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities		
At 1 August	(19,610)	(27,138)
Current service cost	(51)	(152)
Past service cost	-	-
Interest cost	(675)	(430)
Member contributions	(14)	(22)
Change in financial assumptions	4,232	8,290
Change in demographic assumptions	(40)	(717)
Experience gain/(loss)	-	-
Curtailement	-	-
Benefits paid	711	559
Expenses	-	-
Losses due to benefit changes	-	-
At 31 July	(15,447)	(19,610)

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

At 1 August	19,610	23,809
Expected rate of return on scheme assets	745	379
Re measurement gains on assets	(3,225)	(2,481)
Administration expenses	-	-
Employer contributions	306	318
Members contributions	14	22
Benefits paid	(711)	(559)
Effect of asset ceiling	(1,292)	(1,878)
At 31 July	15,447	19,610

NOTES TO THE ACCOUNTS**Teachers' Pension Scheme**

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS**USS**

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

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

The total cost charged to the Consolidated Statement of Comprehensive Income is £7,881k (2022: £6,223k) including PensionChoice, but excluding the impact of the change in the deficit recovery plan.

Deficit recovery contributions due within one year for the institution are £2,763k (2022: £2,291k)

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

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

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

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

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

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

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 years	23.9	24.7
Females currently aged 65 years	25.5	26.1
Males currently aged 45 years	25.9	26.7
Females currently aged 45 years	27.3	27.9

NOTES TO THE ACCOUNTS**USS (continued)**

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

	2023	2022
Discount rate	5.52%	3.31%
Pension growth (CPI)	2.6%	2.6%

The employers contribution rates are as follows:

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

The deficit provision recognised by the University is highly sensitive to movements in the input assumptions. The impact of movements in the key assumptions are as below – ‘ve values denote an increase to the provision

Change to current position at 31 July 2022	£'000
0.5% pa decrease in discount rate	(1,181)
0.5% increase in discount rate	1,122
0.5% pa increase in salary inflation over duration	(1,207)
0.5% increase in salary inflation in year 1 only	(158)
0.5% pa increase in staff changes over duration	(1,147)
0.5% decrease to contribution rate over duration	(146)

28 Events after the reporting period

As noted in Note 20 the loan facility held with HSBC was renewed prior to the signing date of the accounts. The renewal period is for a further 5 years to 2029.

The output of the 2023 USS Valuation came into effect from the 1st January 2024. The University contribution rate has decreased from 21.6% to 14.5%. The 2023 valuation put the USS pension scheme in a surplus position and as such no deficit contributions are due during the period in which the valuation covers, which is to the conclusion of the next valuation in 2026.

There have been no other material events in the period between 31st July 2023 and the signing of the accounts on the 7th February 2024.