

GLYNDŨR UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011

Registered Charity number: 1142048

**GLYNDŵR UNIVERSITY**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

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## **REPORT OF THE BOARD OF GOVERNORS**

### **Introduction**

Glyndŵr University is the newest university in Wales, established by the Privy Council in 2008. It is more community and industry focused than traditional universities and therefore places considerable emphasis on the public benefit of its activities.

Over the three years since its establishment the University has obtained an international reputation allowing it to build up a significant network of partners across the world. Yet it has remained deeply committed to its home community.

### **Charitable Status**

*Glyndŵr University* became an excepted charity from 1 June 2010 *under the terms of the Charities Act 1993* and successfully registered with the Charity Commission on 23 May 2011. The Charity Commission acts as the principal regulator of Welsh higher education institutions.

The University's Board of Governors as trustees of the University, have complied with the duty in section 4 of the Charities Act 2006 having 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 those set out in the Education Reform Act 1988 which state that "a higher education corporation shall have the power - (a) to provide higher education (b) to provide further education and (c) to carry out research and publish the results of research or any other material arising out of or connected with it in such a manner as the corporation thinks fit."

### **The University's Mission and Vision**

The University's mission is to be a market led, student centred *university of international significance open to all* and through its vision statement it aims "to become indispensable as a significant, relevant and expert partner in regional and national economic and social development".

The mission and vision both inform the University's strategic plan which is also influenced by the University's core values, which are:

- Respect for the individual, for the expression of ideas and the pursuit of knowledge;
- e Educational, academic and professional integrity;
- © Care for students, colleagues and customers and the anticipation of their needs and requirements;
- « Organizational commitment to the pursuit of excellence and loyalty to the University as a community of learning.

### **Public Benefit**

The principal beneficiaries of the University are its undergraduate and postgraduate students who gain from participating in the teaching and research of the University. Such engagement assists them in pursuing meaningful and rewarding careers. In this they are helped by the University's employability rate which is in excess of 94% and the second highest average graduate starting salary in Wales. These students therefore pay tax to the benefit of society as a whole and their success also benefits society through contributing towards the continued viability of the businesses which employ them.

Glyndŵr University has the second highest intake from state schools in the UK at 99.7% and the fourth highest proportion (46.6%) of students from social classes 4, 5, 6 and 7.

The University is therefore providing a suitable route for people from some of the most deprived areas in Wales to achieve meaningful and well paid careers.

*Staff also benefit through engagement in* the research of the University, ensuring the currency of their knowledge and enhancing their international reputations within their own specialist areas and in the academic world generally. The fruit of this research benefits society as a whole.

Beneficiaries also include students and academic staff from the University's partner institutions more widely and visiting academics from other higher education institutions.

The general public also benefits from the University's extensive range of community and outreach activities, including exhibitions, public and professional lectures and concerts and performances.

One of these high profile activities is the Wrexham Science Festival which last year attracted 8856 visitors. In addition the University has its own science discovery centre in Techniquest Glyndŷr which since it opened in 2003 has attracted in excess of half a million visitors from schools and the wider community.

Alumni of the University also have the opportunity to attend educational events at the University or use its facilities.

Glyndŷr University's fundamental role in the transformation of higher education in Wales continues. The University remains at the forefront of what the Minister for Education has described as the continuing revolution leading to the democratisation of higher education. It is one of the UK's leading widening participation universities and with its career orientated academic programmes and extensive specialist applied research it is ideally placed to meet the social and economic needs of the country as identified by the Welsh Government.

The University's work with the FE colleges is vital to realising its mission and vision. Through its existing franchise and partnership arrangements it allows students from all parts of Mid and North Wales to have access to higher education often through their local FE colleges. The University responds to the needs of employers, identifies gaps in provision and offers programmes for the benefit of the country and society as a whole.

## **Widening Access**

The Widening Access Strategy is founded on a commitment to socially inclusive, fair and supportive access to higher education, and to breaking down the barriers to accessing Higher Education for both young and older students from disadvantaged sectors of society.

The University believes that higher *education should be available to all who can benefit from it*. This includes both enrolled students and also those members of the wider community who wish to access the expertise and facilities on the campus.

Widening access and participation is embedded across all areas of the University so as to ensure that it remains integral and continues to be the routine work of the institution and forms an essential element in the relationship between Glyndŷr University and its learners and potential learners both within the local community and further afield.

The University serves the needs and interests of wider communities and acts as an agent of social cohesion. This includes supporting activities aimed at making North East Wales an attractive prospect for international investment through the promotion of the valuable knowledge-based economic workforce and the creation of an internationally focused community valuing cultural diversity and integration. Glyndŷr University believes it has an important role to play in the transnational exchange of knowledge and experiences.

## **Student Support**

Students are prepared and supported on entry and feel able to participate with confidence in their studies and be successfully retained in higher education.

Students from all backgrounds and of all ages have access to effective academic and pastoral support including study support, and other forms of career/financial support to ensure that students are encouraged to reach their full potential.

Emphasis is placed on the enhancement of the student experience and the retention of students. An effective student voice enables feedback and ongoing enhancement of learning and teaching.

### **Admissions**

The University's admissions team, study support team and programme teams are working together to identify students in need of additional learning support, from the student's point of entry and throughout their time at Glyndwr University.

Out and About campaigns have been revised to effectively target students from Communities First areas and Low Participation Neighbourhoods as well as those with disabilities and other protected characteristics.

### **Bursaries and Financial Support**

Tuition and financial policies were introduced to support access to and affordability of participating in Higher Education for the people of Wales. The Glyndwr University bursary is available to all full-time undergraduate students from the UK who meet the base criteria. In addition, Glyndwr University has several bursaries and scholarships it has awarded to assist gifted students. An example of this is the Frank Buttle Trust accreditation, through which a care leaver scholarship is offered of £1,000 per year of study to qualifying care leavers. The Disabled Students' Allowance (DSA) helps with costs incurred as a direct result of a student's disability. In 2010/11 788 students in total have approached the service over the course of the year of which 550 are in receipt of DSA. In total the University gave out 1,850 Glyndwr bursaries and 198 scholarships in the year 2010/11.

**A Financial Contingency Fund is in place to** provide financial help to students who face difficulties in meeting their living costs.

### **Engagement with Schools**

The University engages on a weekly basis with school and FE learners and the community through the delivery of a range of activities such as subject taster days, also engaging with local industry to offer STEM awareness sessions. Increasing numbers of schoolteachers are engaging with the University, becoming actively involved and aware of the particular role that staff from the University can provide.

### **Community engagement**

Glyndwr University is a community based university. Born out of the wishes of local people it and its predecessor organisations have continued to serve the people of Wrexham and North East Wales faithfully for 124 years. That community link was integral to the commitment of the One Wales Government in 2007 to establish Glyndwr University, a commitment contained not in the education section of the government's programme but in the section on social and economic development.

The year 2010-11 saw numerous examples of that commitment being justified by the University's actions. The most obvious example of that was the post year-end the decision of the University to buy Wrexham FC's Racecourse Football stadium and Colliers Field Training Ground. This was not an altruistic gesture by the University but one grounded in sound academic, commercial and community benefits, bringing significant advantages to the University. Some classes are already being held there with Sports Science and Business set to make greater use of the facilities over the next few months. The benefits to the community of this transaction are significant. Sport and in particular the Racecourse Ground have played an integral role in the development and maintenance of Wrexham community life. The University's purchase of the stadium has allowed football, rugby league and other sports to be continued to be played at the Racecourse contributing to growth through the economic activity of visiting fans.

The University's commitment to the community was also shown in the preparations for the National Eisteddfod of Wales held this year in Wrexham. Throughout the Eisteddfod the name of the University was highly prominent and the popular Maes B activities took place on the University campus.

The Eisteddfod also provided an opportunity for a number of staff to deliver lectures for the first time in Welsh and the University also had the pleasure of escorting the Archbishop of Canterbury around the maes.

The University was also praised by the Archdruid of Wales in his keynote speech at the Eisteddfod for its work in raising the profile of Wales internationally and also for helping the revival of the Welsh language in Wrexham.

The University also has a highly successful community radio station, Calón FM. Since it was established in 2007 it has grown to be one of the most successful community radio stations in Wales and its broadcasting on the Internet means that it is now being heard across the world. The Board of Trustees of Calón FM agreed, subject to the approval of the Board of Governors to apply for a further five year broadcasting licence.

## **Research**

As a community-based university, Glyndŵr University is focused on the economic and social development of its region; that ethos is reflected in its research as much as in its learning and teaching. The University's research is predominantly applied in nature, designed to produce benefits directly and indirectly for the economy and for society. The University believes that the sustained development of the region's economy and achieving the goal of social justice for its people requires a university that has widening participation at its heart and in particular a university that works in partnership with local industry. That partnership necessarily involves helping businesses to improve their competitive advantage, which in turn requires applied research and knowledge transfer. It also necessitates a supply of well-qualified graduates, with a practical knowledge of cutting-edge research, to support the growth of those businesses.

For example, the Social Inclusion Research Unit carried out a study on behalf of the North Wales Criminal Justice Board, examining perceptions of East European migrant workers and crime, among a wide range of criminal justice service providers and those working with migrant workers in the statutory and voluntary sectors, in North Wales. Very little is known, specifically about crime rates, or types of crimes committed, by East European migrants and the aim of the study was to gain a better understanding about this group of migrants in order to inform policies and practice. The study found that East European migrants were understood to be generally law abiding citizens, and most criminal activity associated with them tended to be a function of their misunderstanding of UK law and social justice processes, and cultural differences (for example relationships with the police and drink driving legislation) between Wales and their countries of origin.

A major current engineering project with the potential for significant economic impact is concerned with developing methodologies for the production of prototype mirror segments for the European Southern Observatory's proposed 42m European extremely Large Telescope. A single 42m mirror could be neither made nor moved to a remote mountain site, and so the mirror will be tiled" of 984 hexagonal segments. One segment would take months to make by traditional methods, so the challenge is to reduce this through technological advances being developed by the University's research teams based at the technology campus at St Asaph.

Increasing collaboration with Welsh businesses and industry is central to the University's mission, and research and advanced scholarship lie at the heart of its Innovation and Engagement strategy. Knowledge transfer is a key element of the University's support of business and industry. The University has hosted 18 Knowledge Transfer Partnership (KTP) projects in the last three years, thereby providing significant financial and commercial benefit to the 18 businesses concerned as well as their supply chains. These partnerships also benefited the individual graduates employed under the scheme both in financial terms and in the form of valuable experience of problem solving and project management.

## Education for Sustainable Development and Global Citizenship

Throughout 2010/11 Glyndŵr University has continued to make good progress in this area, with a proactive approach to issues of environment sustainability and the take up of issues raised in the Welsh Government's EDSGC and subsequent HEFCW funding with work focused through the Sustainability Forum. Environmental sustainability was recognised as a cardinal element of wider sustainability, and an Environmental Policy has been developed which provides a framework within which issues relating to environmental sustainability can be progressed. The key to this is the establishment of an Environmental management system with the monitoring of the institution's environmental impact in order to ensure continual improvement of performance and compliance with all legislative and regulatory requirements.

The University's Environmental Policy is designed to:

- Ⓜ Raise levels of environmental awareness in all of its staff and students through ongoing campaigns and monitoring of all taught programmes to see where sustainability and global citizenship could be further incorporated.
- Ⓜ Minimise energy use through improved energy conservation measures, training staff and students in the better use of energy and by the phased introduction of more efficient boilers and energy management systems and equipment
- Ⓜ Maintain existing buildings and estates in good condition and ensuring that the environmental impact of new buildings and facilities is assessed, with all new projects subject to BREEAM assessment and a target rating of "excellent".
- « Work towards more efficient use of materials and the reusing or recycling of materials.
- Ⓜ Encourage through a new green travel plan: public transport use; bicycles and lift-sharing for staff and students; the use of video and telephone conferencing where appropriate; and furthermore will minimise the environmental impact of its own transport fleet by purchasing vehicles of appropriate engine capacities using low-emission fuel.
- Ⓜ Minimise waste generation by addressing the use, re-use and recycling of materials in-house, disposal of its general wastes externally with regard to the best recycling practices and disposal of chemical/biological wastes in accordance with prevailing legal regulations.
- Ⓜ More effective use of water, with rigorous monitoring of usage, ensuring use is made of recycled water where possible, and raising awareness of water usage amongst staff and students.
- e Ensuring that outputs to its drainage systems comply with anti-pollution regulations and do not pose an environmental hazard in the event of the accidental spillage of any potentially polluting materials on-site.
- Ⓜ Maximisation of campus biodiversity through the judicious planting of native species and provision of nest boxes and refuges for birds and insects.
- Ⓜ Review of purchase and procurement policy to assess the environmental impact of purchases and services.

These policy commitments to environmental sustainability provide a central focus within the Estates Strategy (2008), which is designed to address the impact and costs of environmental sustainability including reducing energy consumption, the control and reduction in generated waste and the introduction of waste recycling initiatives. The Estates Department has an energy policy and a policy for the environmental management of waste.

The Energy Policy sets out the University's aim to reduce consumption and eliminate waste without adversely affecting living and working conditions. The policy is based on the conservation and protection of the environment, whilst also seeking to reduce costs through use of the most cost effective suppliers. It also addresses overall energy consumption and utilisation and means of increasing energy efficiency. This is implemented in number of ways, including all building and maintenance works (increasing double glazing, more efficient boiler systems, energy efficient lighting, etc) and the purchase and consumption of energy and water. Setting targets for energy use, increasing the awareness of staff and students and the use of effective energy and environmental management practices/systems form part of the policy document. A key dimension is the improved

monitoring of energy and resource use, and the setting up of an energy monitoring group and the installation of sub-meters which have improved the University's ability to monitor and target energy and water consumption across the campus. The University is in the process of finalising its Carbon Management Plan.

The University's Environmental Policy for the Management of Waste is designed to review sustainable waste management and disposal practices within the University. This policy aims to achieve the Welsh Government targets for reducing the amount of municipal waste destined for landfill sites, whilst also obtaining financial savings, increase the positive, public profile of the University and have positive benefits for public health. The policy clearly identifies the roles and responsibilities of all managers for environmental matters and will set targets to reduce waste. The Sustainability Forum provides a platform for the determination of effective methods for waste segregation and associated resource and cost implications, as the first steps towards a comprehensive recycling scheme throughout the University.

Work on Environmental Sustainability and Global Citizenship has been progressed more widely in the work undertaken on the review and monitoring of the curriculum, and an assessment of ways in which awareness can be embedded within the curriculum and its delivery.

### **Estates and Sustainability.**

The University's Estates Strategy (2008) provides a clear statement of estates and resource development to support the planned growth of student numbers and diversification of curriculum. Capital completions during 2010/11 included a new Centre for the Child and a major new Centre for the Creative Industries to support the development and delivery of new interdisciplinary curriculum. The former building has been assessed as BREEAM very good with the latter being assessed as excellent. The Estates Strategy also places considerable focus on measures and performance indicators linked to environmental sustainability, as signalled above, including procedures for monitoring environmental indicators and ensuring more efficient use of resources.

### **Conclusion**

Glyndŵr University has a specific role in society. That role is clearly articulated not only in its vision and mission, but more particularly in all its actions. Its concentration on vocationally relevant programmes and applied research bring significant public benefit through its core activities and its role in the community through public events and specific initiatives provide benefit to the wider community through its secondary activities.

## **BOARD OF GOVERNORS**

### **Membership**

Mr Michael	Cant BArch MBA MLoD MRICS	Chairman
Mr Mervyn	Cousins MMus BMus PGCE	
Mr Derek	Griffin	Vice Chairman
Ms Julia	Grime LLB ACA	
Mr David	Howard BSc (Hons) ACII	
Mr John	Kenworthy	
Mr Bruce	Roberts BSC BA FCA	
Professor Peter	Toyne CBE DL	
Mr Ian	Williams	

### **Members who joined during 2010/11**

Mrs Colette Bieakley (appointed October 2010)  
Mr Vincent Ryan LLB (appointed May 2011)

### **Members who retired during 2010/11**

Professor Bim Bhowmick DL OBE MD FRCP (May 2011)  
Mr Bob Hill (March 2011)  
Judge R Philip Hughes (February 2011 )  
Mr Malcolm Thomas (June 2011)

### **Co-opted Members to the Board's Committees**

Mr Ian Morris (Audit Committee)  
Dr Janet Wademan (Audit Committee) BA, PhD, FCMI, FRSA  
Judge Roger Dutton BA DL (Nominations Committee)

### **Vice Chancellor and Chief Executive**

Professor M Scott DL BA MA PhD FRSA

### **Senate Nominee**

Ms Pam Hope BSc,DipN,PGCDE,RGN,RNT

### **Co-opted member of teaching staff**

Mr Brian Heath BSc,MSc,MASl,FRSPH

### **Co-opted member of operational staff**

Mrs Lynda Powell MBA MIH

### **Students' Nominee**

Mr Carwyn Minard

### **Governor's remuneration**

Members of the Board of Governors are not remunerated for their posts but may receive reimbursement of expenses necessarily incurred in the performance of their duties. Travel and subsistence expenses of £5,186 were reimbursed during 2010/11 (£3,022 in 2009/10).

### **Members of the Board of Governors are the trustees for the charity.**

### **Auditors**

The University has, for the year, appointed the firm PricewaterhouseCoopers LLP as its external auditors and RSM Tenon as internal auditors for the year to 31 July 2011.

## **OPERATING AND FINANCIAL REVIEW**

### **Scope of the financial statements**

These financial statements cover the activities of the University and its subsidiary companies, for the year ended 31 July 2011. The subsidiaries donate their taxable profits to the University.

### **Operating Review**

Glyndŵr University has inherited a 124 year history of providing higher education for the people of North East Wales. It was established by the people as a result of what they saw as a gap in educational provision in the North Wales. It soon established excellent links with business, a relationship it is proud to continue today. The University is committed to two core priorities:

1. Employability of graduates
2. Contribution to the socio-economic growth of the region

and it has bold and exciting plans to create a new kind of institution, one able to meet the needs and priorities of Wales, to meet the higher-level skills needs of Wales, to work closely with industry and public sectors to deliver a dynamic and relevant curriculum. It will retain its strengths in terms of Widening Access and Participation, strengthening the quality of student experience, whilst also growing significantly in the period of its Strategic Plan. The University will grow as a sustainable, forward-looking and business-facing organisation, with a clear and integrated approach to strategic planning at all levels and with clear and deliverable targets reviewed and monitored through well-developed systems and processes.

### **Aspirations**

Glyndŵr University has clear aspirations for the next five years.

1. To position itself as a University, with a clear and distinctive vision, and new 21<sup>st</sup> Century University of, and for Wales. It will be modern, responsive and dynamic in outlook, committed to growing and being recognised, nationally and internationally, with a growing research profile and socio-economic contribution to the regional and national economy.
2. It will continue to build on its existing strengths, the commitment to employability, socio-economic development and its partnerships with industry and employers. Its curriculum will be vibrant, modern and close to market, including interdisciplinary and innovative programmes in areas such as Creative Industries, Technology and work-based programmes and its research will be applied and close to market needs.
3. It will also build on its existing strengths of Widening Access, its well-developed close community basis (including the Science Festival and the Children's University) and its commitment to student-centeredness and proactive student support.

### **Strengths and Areas for Development**

There are a number of reasons why Glyndŵr University can be seen to be developing on sound foundations. Its energy, commitment and vision can be ascertained from the range, breadth and pace of curriculum development which has taken place in recent years ensuring that Glyndŵr University has a range of modern and innovative programmes which will meet the current and future needs of the market. This new curriculum will help to ensure that it can deliver on the ambitious targets it has set itself for the growth of the University.

The University retains a clear and relevant vision which is wholly in line with Welsh Government priorities for HE provision which meets the needs for employability and higher skills development. It is already well-placed in the delivery of work-based programmes and Foundation Degrees (such as those offered in association with Airbus UK and the Health and Social Care professions), and has a range of active partnerships with industry and public sector organisations. It is establishing itself as a

lead institution in Wales in the delivery of work-based learning programmes. It also has a well-established position in terms of Widening Access and Participation, and consistently over-performs against benchmark in these areas. It is, therefore, well-placed to develop its strengths in Employability as a significant USP, building on current work-based and industry links, and curricular innovations.

The University remains in a strong financial position, having no material loans or mortgages, with strong capital reserves and a well-developed capital investment programme. Its long-term financial health will be secured through the fee income derived from the growth of numbers across targeted levels and modes of delivery, the on-going commitment to securing greater cost efficiencies, and through the growth of research and consultancy income. It is well-placed to grow, with an excellent estate, an ambitious capital investment programme, a well-developed geographical base (population base, skills base and the strengths of industry links within the region, including two of the largest industrial parks in Europe within 15 miles), which will enable it to realise this growth.

The University is committed to excellence in learning and teaching, with a strong record in terms of pedagogic research and national profile in these areas. It was the first in Wales to have a Higher Education Academy accredited professional development programme, and these foundations will ensure that it is well-placed to enhance this reputation and status.

In terms of governance and management the University has evidence of sound governance and effective managements. The University has a well articulated planning process, based on clear overall strategic vision, and a full range of sub-plans and systems for tracking, monitoring and review of progress against targets.

In our view, Glyndŵr University is therefore, well-placed amongst Welsh HEIs and has a clear sustainable future as a university in its own right. It recognises that there are areas for further action and development in a number of areas, but does have plans to address each of these. In Welsh Medium provision, for example, growth and diversification (including validation of new bilingual provision) has taken place.

The University's research strategy reflects existing applied research strengths whilst acknowledging the principal role of the University as a widening access institution contributing to the social and economic development of the region. The strategy primarily aims to preserve the existing well-regarded pockets of excellence, principally in STEM subjects, and ensuring that high quality applied research and scholarship underpin academic delivery. This is an excellent base from which to work towards our commitment to securing Research Degree Awarding Powers (rDAPs).

## **Planning Assumptions**

The University is fully committed to supporting the policies of the Welsh Government as documented in the One Wales agreement and the higher education strategy, which flowed from it, *For our Future*. It sees both the economic and the social development of Wales as the key drivers of its activities. The Plan for the period of the strategic plan to 2009/14 is underwritten by a series of assumptions, a number of which are detailed below.

- There will be growth in student numbers overall over the next five years, rising to over 6,000 enrolments, with a 20% increase in overseas student enrolments which builds upon our success in developing partnerships in India and China. This will be supplemented by an increase of 25% by 2014/15 in the number of students enrolled on post-graduate programmes.
- In terms of the student experience the retention rate is targeted at 10% with a projected completion rate of 70% and an overall student satisfaction from the National Students Survey of 86% over the life of the plan.

® Included within the economic indicators is a target of a graduate employability rate of 95%.

- e The financial position will continue to remain healthy and robust and with a consistent operating surplus after extraordinary items in excess of 3% achieved over the life of the plan.
- Income from Research and Consultancy to increase also in line with planned projections to 10% of overall income.
- Capital investment programme to continue as outlined in Estates Strategy.
- ® The University will continue to maintain planned performance levels in Widening Access and participation.

### **Research and Scholarship.**

The University has set itself the target of securing rDAPs by 2012/13 and has undertaken a major revision and updating of the Research and Scholarship Strategy to define key objectives and targets, drawn directly from the rDAPs criteria but directed towards capacity building of staff research and qualification base, research income and professional staff development.

The University's latest research report describes both advanced research and development and the application of research and knowledge in support of businesses, industry, external bodies, and the community. It also shows how the research underpins the academic courses offered by the University and ensures that students are exposed to the latest ideas at the forefront of their fields of study.

### **Welsh Medium Provision**

The strengthening of the Welsh language in the North East of Wales is reflected in the University's Welsh medium development strategy which aims to create a sustainable and deliverable system of Welsh medium higher education which will provide increased Welsh and bilingual learning opportunities at the University for the benefit of the economic, social and cultural life of North East Wales.

The strategy emphasises the development of Welsh medium elements of programmes rather than programmes delivered exclusively through the medium of Welsh. In terms of performance, the number of Welsh domiciled students undertaking some element of their course through the medium of Welsh is targeted at 750 by 2014.

### **Student Statistics**

Total student numbers in 2010/11 have increased to 8,953 enrolments, compared with 8,002 last year, an increase of 12%. The projected student FTE has also increased, from 5,048 to 5,308, an increase of 5.1%.

There has been significant growth in International student numbers, exceeding original student number projections for 2010/11, with a total of over 1,524 full-time International student enrolments (compared with 727 in 2009/10). This includes a total of 603 enrolments at Glyndwr LSMS (GLSMS) in London.

Full-time degree enrolments were 28% higher than 2009/10, and full-time Foundation degree were also up, at 397 compared with 285 in 2009/10, an increase of 39%. Enrolments to part-time programmes were marginally up by 1% on 2009/10 levels, with increases to part-time PGR, taught postgraduate, degree and FD enrolment levels of 19%, 23%, 10% and 13% respectively. Enrolments to other part-time undergraduate courses were reduced by 6%, and this accounts for the overall marginal increase.

In terms of the classification of degree qualifications, the distribution was generally in line with the previous year with First Class at 12% (11% in 2009/10), Upper Second at 35% (33% in 2009/10), Lower Second at 30% (36% in 2009/10) and Third/Pass at 24% (21% in 2009/10).

## Financial Strategy

The University's financial strategy is concerned with financing the strategic plan of the University, the fundamental purpose being to support the achievement and sustainability of the University's mission and positioning in the current funding and financial environment. The financial strategy has been structured on the basis of five guiding principles that are fundamental to long term viability, compliance with which is demonstrated by:

1. Long-term viability and matching resources with objectives.
2. Maintaining productive capacity to meet current objectives.
3. Financing development and investment.
4. Evaluating strategic alternatives and managing risks.
5. Integrating financial and other corporate strategies.

These principles are considered in the development and implementation of the treasury policy, its normal planning, budgeting and medium-term forecasting cycle, and in the planning and execution of its capital investment programme. This is further articulated through four key parameters:

1. Reduce reliance on funding council income as a percentage of total income - 38.2% achieved in 2010/11 (41.7% in 2009/10).
2. Maintain an operating surplus, before exceptional costs, as a percentage of total income at 3% - 3.8% achieved in 2010/11 (3.8% in 2009/10).
3. Increase total gross turnover for the Group - £44.4 million achieved in 2010/11 (£43.5 million in 2009/10).
4. Maintain cash liquidity at a minimum of 80 days' of expenditure - 62 days in 2010/11 (70 days in 2009/10).

## Financial Review

Glyndŵr University's consolidated group result for the 12 months to 31 July 2011 after exceptional restructuring costs of £631,000 can be summarised as follows:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Income	44,366	43,508
Expenditure	(42,681)	(41,825)
Operating surplus	<u>1,685</u>	<u>1,683</u>
Exceptional impairment reversal	240	630
Exceptional restructuring	(631)	(634)
Exceptional impairment	-	(513)
<b>Result for the year</b>	<b><u>1,294</u></b>	<b><u>1,166</u></b>

The underlying operating surplus on continuing operations for the University and its subsidiary companies, after group recharges, for 2011 is detailed below:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Glyndŵr University	2,206	1,368
Plas Coch Sports Limited	-	(60)
Glyndwr Innovations Limited	21	(16)
North Wales Science	(11)	-
Optic Glyndŵr Limited	<u>(922)</u>	<u>....(1M)</u>
<b>Group position</b>	<b><u>1,294</u></b>	<b><u>1,166</u></b>

The Group operating surplus performance before exceptional restructuring was strong with a surplus of £1.9 million, 4.4% of total income, (2009/10 £1.8 million 4.1%). Even after allowing for the restructuring costs the surplus is a strong result at £1.3 million, 3% of total income, (2009/10 £1.2 million 2.7%).

The trade of the subsidiary company Plas Coch Sports Limited was subsumed in year into Glyndŵr Innovations Limited. The activity within Optic Glyndŵr Limited relates wholly to the European Southern Observatory (ESO) project. Whilst this company has incurred a trading loss, there has been a significant improvement in the overall control environment and additional contingency has been built into the remaining cost to completion for the project. In addition a prudent approach has been taken with regard to income recognition. The project may benefit from further grant funding and the release of the warranty totalling approximately £1 million in the future. These releases are due over the remaining life of the project and will improve considerably the overall profit and loss position. The University has confidence that given its strategic importance with regard to the University's research ambitions, it will generate sufficient return to support the carrying value of its fixed assets going forward. Recent progress and discussions concerning milestones reached with ESO officials have confirmed their satisfaction with the overall project to date which mitigates the inherent funding risk associated with this project.

Other activities undertaken at the St Asaph campus e.g. conferencing, incubation and technical services, have been integrated within the University and Glyndŵr Innovations Limited. The advantages of this approach have been that the University has been able to leverage greater synergistic benefits to the Group.

### **Income**

Total income has increased by £0.858 million (a 2% increase from 2009/10). Funding Council grants decreased by £1.16 million (a 6.4% reduction from 2009/10) essentially due to a reduction in the recurrent main teaching grant of £1.08million. Tuition fees and educational contracts increased by £1.46 million or 9% in line with increases in the Full-time Home fee and further growth in international student recruitment.

Income from research grants and contracts has increased by £0.146 million (6%) in 2010/11. Research income now accounts for 5.5% of overall income (an increase from 5% of overall income in 2009/10).

### **Expenditure**

Total expenditure has increased by £0.7million (a 1.6% increase on 2009/10) the majority of which was in relation to depreciation. Premises running costs and research costs have also seen an increase in year. The *pay award in year* was 0.4% with effect from 1<sup>st</sup> August 2010 which was in line with the Universities & Colleges Employer Association national agreement.

### **Balance Sheet review**

The net assets of the University's Group stand at £40 million, an increase of £2.6 million from the previous year. This is a result of investments in a new building programme and infrastructure and equipment upgrades supported by deferred capital grants. This figure is after taking into account a pension liability of £11.5 million (£10.4 million in 2009/10), valued in accordance with FRS17 'Retirement benefits'.

## **Fixed assets**

The net book value of land and buildings, including assets under construction, increased to £51.7 million over the year reflecting the progress on the University's ambitious capital development programme. There have been additions of £8.1 million in the year under review including the Creative Industries Building and the Centre for the Child.

## **Endowment assets**

There was no change in the endowment assets of the University during the year.

## **Current assets**

### **Debtors**

The overall debtors' position for the Group has increased by £2 million this being trade debtors related to three cohorts of students in the University being under the variable fee regime for the first time.

### **Cash at bank and investments**

This balance represents cash and investments held in current accounts and in interest bearing current accounts. As at the year end date, there was an overall decrease in cash of £545k to £7.3 million. Of this just over £3 million is held in interest bearing current accounts.

### **Creditors**

Creditors falling due within one year are £0.2 million more than 2010 at £9.4 million, relating to an increase in other creditors.

There is a single obligation under finance leases of £0.89 million which is due after more than one year which relates to the acquisition of assets in respect of Optic Glyndwr Limited.

### **Deferred capital grants**

Deferred capital grants have increased by £2.2 million in line with grants given in relation to the capital development programme.

### **Pension**

The actuarial valuation of the University's Local Government pension fund has increased the liability to £11.5 million.

### **Revaluation reserve**

The main reduction of the revaluation reserve comes from the release of excess depreciation to the I&E amounting to £446k.

### **Treasury policy and objectives**

Treasury management comprises the management of all cash, money market investments and capital market transactions connected with the cash and funding resources of the University and the identification and control of all associated risks.

The University's policy is to invest no more than £1 million in any one instrument provider and its objective is to maximise returns whilst protecting the capital amount of any deposit.

## Investment of surplus funds

The objective for any lending or investing of funds is to achieve the best possible return whilst minimising risk and preserving capital value. The overriding principle being the avoidance of risk over the maximising of return.

## Post balance sheet events

The University have acquired two assets after the balance sheet date:

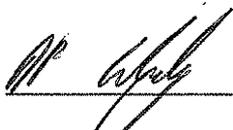
Racecourse Stadium, Wrexham - the University have purchased the stadium, the home of Wrexham AFC, and the training ground facility Colliers Park, Gresford.

London School of Management and Science - the University have purchased a college in London specialising in the teaching of undergraduate international students in the disciplines of Health and Business.

## Reporting statement

This review has been compiled in line with the Operating and Financial Review guidance provided.

Signed on behalf of the Board:



Mr Paul Whiting/  
Executive Director of Finance & Estates

  
Michael Cant

Date: 9<sup>th</sup> December 2011

Date: 9<sup>th</sup> December 2011

## **CORPORATE GOVERNANCE**

Glyndwr University, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies, the standards in public life enunciated by the Nolan Committee, the Combined Code and recommendations arising from the Dearing Inquiry into Higher Education.

Throughout the year ended 31 July 2011, the University has been in compliance with all the Code provisions set out in the Combined Code insofar as they relate to Universities.

The University's corporate governance arrangements have been established in such a way as to conform with these duties, and, where appropriate, are also informed by the guidance on good practice in university governance offered by the Committee of University Chairmen most recently issued in March 2009. This incorporates a Governance Code of Practice.

In respect of the year ended 31 July 2011, the Board of Governors can report that there was no element of this Code with which the University's practice was not consistent. A review of a corporate governance matter which was raised in the year ended 31st July 2010 was concluded and assurance on the governance arrangements at Glyndwr University was provided.

The Board of Governors has adopted a statement of primary responsibilities, which is published on the University's governance website. This statement sets out the Board's responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety and the appointment of the University Officers.

The Board has the following committees: an Audit Committee; Finance and General Purposes Committee; Human Resources Committee; and a Nominations Committee. The Board, on the recommendation of the Nominations Committee, appoints all members of the Board who sit on these committees. The Board also appoints external members co-opted to Board Committees. A Register of Interests is maintained and declarations of any conflicts of interest are made at the start of each Committee and Board meeting. The Audit Committee and the main Board conduct annual effectiveness reviews. All sub committees review and reflect on their work and provide an annual report to the Board of Governors.

As the governing body of the Glyndwr University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the instrument and articles and the Financial Memorandum with HEFCW.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

A strategic risk register has been in place all year up to 31 July 2011 designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Risk management and control processes have been in place throughout the period and risk review is embedded within the management culture and applied to the risks on the register and to all new initiatives identified during the year. These processes have been applied up to the date of approval of the financial statements and accords with HEFCW guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We meet at regular intervals to consider the plans and strategic direction of the University.

- © We receive periodic reports from the Chair of the Audit Committee concerning internal control and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects and issues.
- © We have requested the Audit Committee to provide oversight of the University's management of risks.
- ® The Audit Committee receives regular reports from the independent internal audit provider, RSM Tenon, which include the internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- © A programme of facilitated workshops is held for Governors, senior and other managers to identify and keep up to date the key issues and risks for the University, including the anticipation and appropriate response to risks emerging/associated with changing social, environmental and legislation requirements.
- The University-wide risk register is maintained and a system of reporting on risk management has been agreed by the Board and Audit Committee. This involves a range of formal reports received during the year.
- © A risk prioritisation methodology based on risk ranking has been established and is regularly reviewed.
- © Each risk is assigned to a relevant director who reports regularly to the Executive on the actions taken.
- At the end of the year the Chair of the Audit Committee formally reports to the full Board on the Committee's activities during the year in accordance with relevant guidance. This report includes an assessment of the effectiveness of the Internal Control System (including risk management) during the year.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCW Audit Code of Practice.

The key risks for Glyndwr University arise from the potential failure to: 1. ensure its financial sustainability; 2. enhance the student experience; and 3. continue to build its research excellence in support of the regional economy. The University has managed its budgets well, reliance on HEFCW funding has reduced to 38.2% for 2010/11 and the benchmark surplus requirement for 2010/11 has been achieved yet again. The student experience is also critical to the continued success of the University and the results of the national student satisfaction survey showed an increase in student satisfaction of 5% on the previous year. In addition the University recruited above its target numbers for 2010/11. The University believes its research capability is such that it can demonstrate that it meets the necessary criteria to provide public confidence in its ability to award its own research degrees and therefore intends to submit its application for RDAPs to the Privy Council in autumn 2011. These risks are of sufficient concern to be the subject of regular review at meetings of both the Executive Group and the Audit Committee who report to the Board of Governors.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive directors 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 management letter and other reports from external bodies such as the Wales Audit Office.

There were no significant issues arising during 2010/11 in respect of Corporate Governance.

## **KEY ELEMENTS OF THE UNIVERSITY'S SYSTEM OF INTERNAL CONTROLS**

The key elements of the University's system of internal financial controls, which is designed to discharge the responsibilities set out above, include the following:

- Ⓜ clear definitions of the responsibilities of, and the authority delegated to, directors of academic and operational areas;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- » regular reviews of student recruitment and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Ⓜ clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Board of Governors or HEFCW;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Board of Governors;
- a professional independent Internal Audit team whose annual programme is approved by the Audit Committee.
- linking the identification and management of risk to the achievement of the University's strategic objectives through the annual planning process;
- evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;
- having review procedures that cover business, operational, compliance and financial risk;
- embedding risk assessment and internal control processes in the ongoing operation of all units;
- reporting regularly to *Audit* Committee, and then to the Governing body, on *internal control and risk*;
- Ⓜ reporting annually to the Governing body the principle results of risk identification, evaluation and management review.

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the system of internal control of both the University and the group. Any systems of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

During the period covered by this report and up to the date this report is signed there were no material weaknesses or irregularities in operation or financial practice brought to the attention of the Board.

## **RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS**

In accordance with the University's Financial Memorandum, the Governing body is responsible for the administration and management of the affairs of the University and Group and is required to present audited financial statements for each financial year.

The Governing body is responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the University and Group and to enable it to ensure that the financial statements are prepared in accordance with the Financial Memorandum, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

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

The Governing body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions, which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

Ⓜ safeguard the assets of the University and prevent and detect fraud;

- » ensure that there are effective systems of risk identification and management that cover all risks, produce a balanced portfolio of risk exposure, are based on a clearly articulated policy and approach, are monitored and reviewed regularly, are integrated into normal business processes and aligned to the University's strategic objectives and are managed by senior managers;
- « secure the economical, efficient and effective management of the University's resources and expenditure.

So far as the governing body are aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware, and they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## **INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF GLYNDŵR UNIVERSITY**

We have audited the financial statements of Glyndŵr University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated statement of historical costs surpluses and deficits, the Consolidated statement of the recognised gains and losses, the Balance Sheets, the Consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of the governing body and auditors**

As explained more fully in the Responsibilities of the University's Board of Governors statement set out on page 9, the governing body (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution's governing body as a body in accordance with Article 22 part 2 of the institution's Articles of Government and section 124B of the Education Reform Act 1988 and Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- » give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2011, and of the group's Income and expenditure, recognised gains and losses and group's cash flows, for the year then ended;
- » have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice - Accounting for Further and Higher Education; and

9 have been prepared in accordance with the requirements of the Charities Act 1993.

**Opinion on other matters prescribed in the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- © from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them; and
- ® funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

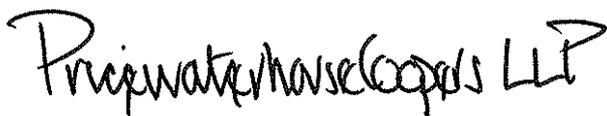
**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- ® the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- ® sufficient accounting records have not been kept by the parent institution; or
- ® the parent institution financial statements are not in agreement with the accounting records and returns; or
- ® we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matter where the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- ® the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Manchester  
December 2011

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

**Notes:**

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

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Glyndwr University**  
**Consolidated income and expenditure account for the year ended 31 July 2011**

	Note	2011	2010
		£000	£000
<b>Income</b>			
Funding body grants	2	16,966	18,128
Tuition fees and education contracts	3	17,624	16,168
Research grants and contracts	4	2,469	2,323
Other income	5	7,272	6,872
Endowment and investment income	6	35	17
<b>Total income</b>		<b>44,366</b>	<b>43,508</b>
<b>Expenditure</b>			
Staff costs	7	24,779	24,765
Exceptional restructuring costs	7	631	634
		<b>25,410</b>	<b>25,399</b>
Other operating expenses	8	15,625	15,047
Exceptional reversal of impairment	8	(240)	(630)
Exceptional impairment of goodwill	13	-	513
		<b>15,385</b>	<b>14,930</b>
Depreciation	12	1,944	1,342
Interest and other finance costs	9	333	671
<b>Total expenditure</b>		<b>43,072</b>	<b>42,342</b>
Surplus after depreciation of tangible fixed assets at valuation and before tax		1,294	1,166
Taxation	10	-	-
<b>Surplus for the year retained within general reserves</b>		<b>1,294</b>	<b>1,166</b>

The income and expenditure account is in respect of continuing activities.

**Glyndŷr University**

**Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2011**

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>£000</b>	<b>£000</b>
Surplus on continuing operations before taxation		1,294	1,166
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	446	446
<b>Historical cost surplus for the year before taxation</b>		<b>1,740</b>	<b>1,612</b>
Taxation	10	-	-
<b>Historical cost surplus for the year after taxation</b>		<b>1,740</b>	<b>1,612</b>

**Consolidated statement of the total recognised gains and losses for the year ended 31 July 2011**

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>£000</b>	<b>£000</b>
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,294	1,166
Unrealised surplus on revaluation of fixed assets	25	(5)	-
Appreciation of endowment asset investments	24	1	-
Actuarial (loss) / gain in respect of pension scheme assets and liabilities	33	(844)	1,827
<b>Total recognised gains relating to the year</b>		<b>446</b>	<b>2,993</b>
<b>Reconciliation</b>			
Opening reserves and endowments		29,198	26,205
Total recognised gains for the year		446	2,993
<b>Closing reserves and endowments</b>		<b>29,644</b>	<b>29,198</b>

**Glyndwr University**  
**Balance Sheets as at 31 July 2011**

	Notes	Consolidated 2011 £000	University 2011 £000	Consolidated 2010 £000	University 2010 £000
<b>Fixed assets</b>					
Intangible assets	13	-	-	69	69
Tangible assets	12	51,703	50,955	48,222	47,407
Investments	15	-	2,800	-	2,800
<b>Total fixed assets</b>		<b>51,703</b>	<b>53,755</b>	<b>48,291</b>	<b>50,276</b>
<b>Endowment Assets</b>	16	<b>18</b>	<b>18</b>	<b>17</b>	<b>17</b>
<b>Current assets</b>					
Stocks	14	86	79	1,042	54
Debtors	17	5,796	5,242	3,782	3,260
Investments	18	3,860	3,860	4,012	4,012
Cash at bank and in hand		3,405	3,117	3,798	3,145
<b>Total current assets</b>		<b>13,147</b>	<b>12,298</b>	<b>12,634</b>	<b>10,471</b>
Less: Creditors amounts falling due within one year	19	(9,399)	(8,323)	(9,193)	(7,849)
<b>Net current assets</b>		<b>3,748</b>	<b>3,975</b>	<b>3,441</b>	<b>2,622</b>
<b>Total assets less current liabilities</b>		<b>55,469</b>	<b>57,748</b>	<b>51,749</b>	<b>52,915</b>
<b>Less: Creditors - amounts failing due after more than one year</b>	20	<b>(1,039)</b>	<b>(2,392)</b>	<b>(1,060)</b>	<b>(2,243)</b>
<b>Less: Provisions for liabilities</b>	22	<b>(2,833)</b>	<b>(2,781)</b>	<b>(2,862)</b>	<b>(2,862)</b>
<b>Net assets excluding pension liability</b>		<b>51,597</b>	<b>52,575</b>	<b>47,827</b>	<b>47,810</b>
Net pension liability	33	(11,497)	(11,497)	(10,375)	(10,375)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>40,100</b>	<b>41,078</b>	<b>37,452</b>	<b>37,435</b>
<b>Deferred capital grants</b>	23	10,456	10,015	8,254	7,729
<b>Endowment funds</b>					
Expendable	24	-	•		
Permanent	24	18	18	17	17
<b>Total endowments</b>		<b>18</b>	<b>18</b>	<b>17</b>	<b>17</b>
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	26	19,612	21,297	17,594	18,375
Pension reserve	33	(11,497)	(11,497)	(10,375)	(10,375)
Income and expenditure account including pension reserve	26	8,115	9,800	7,219	8,000
Specific reserve	24	200	200	200	200
Revaluation reserve	25	21,311	21,045	21,762	21,489
<b>Total reserves</b>		<b>29,626</b>	<b>31,045</b>	<b>29,181</b>	<b>29,689</b>
<b>TOTAL FUNDS</b>		<b>40,100</b>	<b>41,078</b>	<b>37,452</b>	<b>37,435</b>

The financial statements on pages 22 to 48 were approved by the governing body on 9th December 2011 and were signed on its behalf by:

  
 Mr Michael Cant  
 Chairman

  
 Professor Michael Scott  
 Vice Chancellor and Chief Executive

Glyndŵr University

Consolidated cash flow statement for the year ended 31 July 2011

	Note	2011 £000	2010 £000
<b>Net cash inflow from operating activities</b>	27	1,816	2,714
<b>Returns on investments</b>	28	36	17
<b>Taxation</b>	10	-	-
<b>Capital expenditure</b>			
Appreciation of endowment asset investments	28	1	-
Payments to acquire tangible assets	29	(5,426)	(5,974)
Deferred capital grants received	29	3,049	3,505
<b>Cash (outflow) / inflow before management of liquid resources</b>		<b>(524)</b>	<b>262</b>
<b>Management of liquid resources</b>	30	152	120
<b>Financing</b>	31	(21)	(177)
<b>(Decrease) / increase in cash in year</b>	32	<b>(393)</b>	<b>205</b>

**Reconciliation of net cash flow to movement in net funds**

(Decrease) / increase in cash in the year		(393)	205
Cash inflow from liquid resources	32	(151)	(120)
Cash inflow from movement in finance leases and loans		175	658
Movement in net funds in year		(369)	743
Net funds at 1 August		6,233	5,490
<b>Net funds at 31 July</b>		<b>5,864</b>	<b>6,233</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

#### **(a) Basis of preparation and accounting policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. They are in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2007) and applicable accounting and financial reporting standards in the United Kingdom. Where relevant the accounts adhere to the accounting directives of HEFCW.

#### **(b) Exceptional items**

At the year end the University has maintained the provision that it holds against the treasury deposit it has with Kaupthing, Singer and Friedlander (who are in administration). The current provision level is in line with our expectation to recover 79% and is also consistent with the midpoint outlined in LAAP Bulletin 82, May 2011, where a range for repayments in the pound was set between 78% and 86%.

Management have also disclosed other one-off costs in the Income and Expenditure Account which they regard as exceptional in cost or incidence.

#### **(c) Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2011 namely Plas Coch Sports Limited, Glynd ũr Innovations Limited, North Wales Science and Optic Glynd ũr Limited.

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts between undertakings included in the consolidation are also eliminated.

#### **(d) Recognition of income**

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors, e.g. National Health Service. The cost of any fees waived by the University is included as expenditure in Note 8.

Income from research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year or the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

#### (e) Pension contributions

Retirement benefits to employees are provided by The Teachers' Pension Scheme (TPS), the Universities' Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally managed and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the *income and expenditure* account so as to spread the cost of pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. Glyndwr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS17.

#### (f) Leases

Rental costs under operating leases are charged to expenditure in equal instalments over the period of the lease.

#### (g) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions in 2010/11 as no forward contracts that are in place have been utilised. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

#### (h) Tangible fixed assets

##### i. Land and Buildings

The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value.

Land and buildings inherited on incorporation are stated at valuation. Sites used by Glyndwr University during the *period are valued at depreciated replacement cost on an existing education* use basis. In accordance with FRS15 the University is to revalue its properties every three years. Edwards Symmons (Chartered Surveyors) conducted a revaluation of Land and Buildings as at 31<sup>st</sup> July 2009 performed in accordance with the RICS Appraisal and Valuation Manual.

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the University of 50 years. Capital expenditure applied to existing buildings is depreciated over its estimated useful life of 10 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The associated grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

## ii. Equipment

Equipment including microcomputer software costing less than £10,000 per individual item or group of related items is written off to the Income and Expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

The value of equipment included in the balance sheet is depreciated on a straight-line basis over its remaining useful economic life to the University of 5 years. Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account, released to the income and expenditure account over the expected useful life of the related equipment. It is University policy not to revalue this class of assets.

## iii. Motor Vehicles

Vehicles are capitalised at cost and depreciated over three years *factoring in a residual value*.

### (i) **Stocks**

Stocks consist of provisions and resources stock and are stated at the lower of their cost and net realisable value.

### (j) **Maintenance of Premises**

The University has a ten-year rolling maintenance plan, which is reviewed on an annual basis. The cost of maintenance is charged to income and expenditure account as incurred.

### (k) **Cash flows and liquid resources**

Cash flows comprise increases or decreases in cash. 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. Liquid resources include sums on short-term deposit with recognised banks.

### (l) **Taxation status**

The University is an excepted charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning the Section 506(1) of the income & Corporation Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income & Corporation Taxes Act 1988 or Section 256 of the Taxation of Charitable 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.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### (m) **Provisions**

Provisions are recognised when the a present legal or constructive obligation as a result of a past event exists. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### (n) **Goodwill**

The University amortises any goodwill arising on acquisition of a subsidiary over a maximum of 10 years. A shorter time period will be used where deemed appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Funding body grants

	Note	2011 £000	2010 £000
Recurrent grant:			
Higher Education Funding Council for Wales		13,742	14,826
Specific grants:			
Release of deferred income		1,549	1,803
HEFCW other income		747	636
Research grants		283	338
Releases of deferred capital grants:			
Buildings	23	523	420
Equipment	23	122	105
<b>Total</b>		<b>16,966</b>	<b>18,128</b>

### 3 Tuition fees and education contracts

	2011 £000	2010 £000
Full-time home and EU students	8,478	7,943
Education contract income	2,647	3,018
Full-time international students	4,968	3,706
Part-time students	1,531	1,501
<b>Total fees paid by or on behalf of individual students</b>	<b>17,624</b>	<b>16,168</b>

### 4 Research grants and contracts

	2011 £000	2010 £000
Research Council	414	241
UK based charities	39	12
European Commission	-	37
Other grants and contracts	2,016	2,033
<b>Total</b>	<b>2,469</b>	<b>2,323</b>

## 5 Other income

	Note	2011 £000	2010 £000
Residences, catering and conferences		1,670	1,912
Other income generating activities		4,922	3,861
Other income gift of land		-	536
Research grants and contracts and other income		478	394
Releases from deferred capital grants	23	202	169
<b>Total</b>		<b><u>7,272</u></b>	<b><u>6,872</u></b>

## 6 Endowment and investment income

	2011 £000	2010 £000
Other interest receivable (This includes interest receivable in respect of specific reserves)	35	17
<b>Total</b>	<b><u>35</u></b>	<b><u>17</u></b>

## 7 Staff costs

	2011 Number	2010 Number
Teaching departments (teaching staff)	237	238
Teaching support services	57	52
Other support services	54	35
Administration and central services	208	198
Premises	30	30
<b>Total</b>	<b><u>586</u></b>	<b><u>553</u></b>

## Staff costs for the above persons:

	2011 £000	2010 £000
Wages and salaries	20,246	20,318
Social security costs	1,578	1,556
Other pension costs (including FRS 17 adjustments)	2,955	2,891
<b>Payroll sub-total</b>	<b><u>24,779</u></b>	<b><u>24,765</u></b>
Restructuring costs	631	634
<b>Total</b>	<b><u>25,410</u></b>	<b><u>25,399</u></b>

## 7 Staff costs (continued)

	2011 £000	2010 £000
Teaching departments	12,771	12,182
Teaching support services	1,025	1,517
Other support services	3,291	2,651
Administration and central services	4,482	5,160
Premises	853	859
Other income generating activities	1,413	1,254
Catering and residences	666	643
FRS 17 retirement benefit charges	278	499
<b>Sub total</b>	<b>24,779</b>	<b>24,765</b>
Exceptional restructuring costs	631	634
<b>Total</b>	<b>25,410</b>	<b>25,399</b>

### Emoluments of the Vice-Chancellor:

	Year ended 31 July 2011 £	Year ended 31 July 2010 £
Salary	176,579	175,875
Benefits in kind	11,424	11,393
Pension contributions	24,898	24,798
	<b>212,901</b>	<b>212,066</b>

### Emoluments of higher paid employees:

	Year ended 31 July 2011 Number of employees	Year ended 31 July 2010 Number of employees
£100,001 -£110,000	1	2
£110,001 -£120,000	1	-
£120,001 -£130,000	1	-
£130,001 -£140,000	w	-
£140,001 -£150,000	1	1
£150,001 -£160,000	w	-
£160,001 -£170,000	w	-
£170,001 -£180,000	w	-
£180,001 -£190,000	«.	-
£190,001 -£200,000	-	-
£200,001 -£210,000	-	-
£210,001 -£220,000	1	1

## 8 Other operating expenses

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Teaching departments	1,527	1,607
Teaching support services	3,063	2,897
Administration and central services	694	429
General education	1,072	1,439
Premises costs: running costs	2,019	1,324
Premises costs: maintenance	470	271
Staff and student facilities	369	711
Planned maintenance	206	130
Other income generating activities	2,718	2,190
Catering and residence operations	119	261
Franchised provision	744	975
Research	1,791	1,015
Bursary payments (waived fees) to HE students	833	1,410
Other expenses	-	388
<b>Total before exceptional item</b>	<b>15,625</b>	<b>15,047</b>
Exceptional - reversal of impairment	(240)	(630)
Exceptional - impairment of goodwill	-	513
<b>Total other operating expenses</b>	<b>15,385</b>	<b>14,930</b>

### Other operating expenses include:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration:		
external audit - university	28	21
external audit - subsidiaries	33	17
external audit - governance advice	5	-
internal audit	26	21
Hire of other assets - operating leases		29
Hire of other assets - buildings		30

## 9 Interest and other finance costs

	Note	2011 £000	2010 £000
Loans wholly repayable within 5 years			
Repayable within 5 years, by instalments			
Repayable wholly or partly in more than 5 years			
On finance leases			
Pension finance costs	33	333	671
<b>Total</b>		<b>333</b>	<b>671</b>

## 10 Taxation

	2011 £000	2010 £000
UK corporation tax		
Provision for deferred corporation tax in the accounts of the subsidiary company		-
<b>Total</b>	<b>-</b>	<b>-</b>

In the opinion of the Board of Governors, the criteria of s505 ICTA 1988 and s256 TOGA 1992 are fulfilled and there is no Corporation Tax liability arising on the University's activities for the period ended 31 July 2011

## 11 Surplus for the year retained within general reserves

The surplus on continuing operations for the period is made up as follows:

	2011 £000	2010 £000
University's surplus for the period before exceptional items	2,597	1,885
Exceptional restructuring costs	(631)	(634)
Exceptional gain on reversal of impairment of deposit	240	630
Exceptional impairment of goodwill	-	(513)
University's surplus for the period	2,206	1,368
Surplus / (deficit) generated by subsidiary undertakings:		
Plas Coch Sports Limited	-	(60)
Glyndŵr Innovations Limited	21	(16)
North Wales Science	(11)	-
Optic Glyndŵr Limited	(922)	(126)
<b>Total</b>	<b>1,294</b>	<b>1,166</b>

## 12 Tangible assets (consolidated)

	Freehold Land & Buildings	Fixtures, fittings equipment & motor vehicles	Assets in the Course of Construction	Total
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
As at 1 August 2010	44,329	5,631	2,658	52,618
Additions	4,829	553	44	5,426
Transfers	2,537	165	(2,702)	-
Disposals	-	(2,703)	-	(2,703)
<b>At 31 July 2011</b>	<b>51,695</b>	<b>3,646</b>		<b>55,341</b>
<b>Accumulated depreciation</b>				
As at 1 August 2010	847	3,550		4,397
Charge for year	1,233	711	-	1,944
Eliminated in respect of disposals	-	(2,703)	-	(2,703)
<b>At 31 July 2011</b>	<b>2,080</b>	<b>1,558</b>	*	<b>3,638</b>
<b>Net book value</b>				
<b>At 31 July 2011</b>	<b>49,615</b>	<b>2,088</b>		<b>51,703</b>
Net book value As at 1 August 2010	43,483	2,081	2,658	48,222

If the land and buildings had not been revalued they would have been included at the following amounts:

	2011 £000	2010 £000
Cost	19,647	12,281

## 12 Tangible assets (university)

	Freehold Land & Buildings	Fixtures, fittings equipment & motor vehicles	Assets in the Course of Construction	Total
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
As at 1 August 2010	43,398	5,553	2,658	51,609
Additions	4,829	535	44	5,408
Transfers	2,537	165	(2,702)	-
Disposals	-	(2,703)		(2,703)
<b>At 31 July 2011</b>	<b>50,764</b>	<b>3,550</b>	-	<b>54,314</b>
<b>Accumulated depreciation</b>				
As at 1 August 2010	791	3,411	-	4,202
Charge for year	1,155	705	-	1,860
Eliminated in respect of disposals	-	(2,703)	-	(2,703)
<b>At 31 July 2011</b>	<b>1,946</b>	<b>1,413</b>	-	<b>3,359</b>
<b>Net book value</b>				
<b>At 31 July 2011</b>	<b>48,818</b>	<b>2,137</b>	-	<b>50,955</b>
Net book value				
As at 1 August 2010	42,607	2,142	2,658	47,407

See note on tangible assets (consolidated)

**13 Intangible assets - goodwill arising from acquisition  
(consolidated and University)**

	<b>Goodwill</b>	
	<b>2011 £000</b>	<b>2010 £000</b>
<b>Cost</b>		
As at 1 August 2010	678	678
Additions	—	
<b>As at 31 July 2011</b>		<b><u>678</u></b> <b><u>678</u></b>
<b>Accumulated amortisation</b>		
As at 1 August 2010	609	27
Charge in year	69	69
Impairment in year	-	513
<b>As at 31 July 2011</b>		<b><u>678</u></b> <b><u>609</u></b>
<b>Net book value at year end</b>	<b>-</b>	<b>69</b>

The goodwill arose on the acquisition of Optic Glyndŵr Limited.

**14 Stocks**

	<b>Consolidated 2011 £000</b>	<b>University 2011 £000</b>	<b>Consolidated 2010 £000</b>	<b>University 2010 £000</b>
Stocks - goods for resale	86	79	61	54
Work in progress		-	981	
<b>Total</b>	<b><u>86</u></b>	<b><u>79</u></b>	<b><u>1,042</u></b>	<b><u>54</u></b>

## 15 Investments

### Investments in subsidiary companies

	University £000
<b>Cost</b>	
At 1 August 2010	2,800
Additions	
At 31 July 2011	<b>2,800</b>
<b>Net book value</b>	
<b>At 31 July 2011</b>	<b><u>2,800</u></b>
At 1 August 2010	<u>2,800</u>

### The University has the following subsidiaries:

Name	% ownership of Country of ordinary shares incorporation	Principal activity
Glyndwr Innovations Limited	100 England & Wales	Consultancy, commercial technical contracts, incubation
Plas Coch Sports Limited	100 England & Wales	Not traded in year
Glyndwr Business School Limited	100 England & Wales	Not traded in year
Optic Glyndwr Limited	100 England & Wales	Development of opto-electronics
North Wales Science	100 England & Wales	Science discovery centre

Directors believe that the carrying value of the investments is supported by their underlying net assets and/or the entities ability to generate cash over the useful economic lives of their assets.

## 16 Endowment assets

	Note	Consolidated £000	University £000
Balance at 1 August 2010		17	17
Additions		-	-
Appreciation of endowment asset investments		1	1
Disposals		-	-
Appreciation on disposals / revaluation			
<b>Balance at 31 July 2011</b>		<b><u>18</u></b>	<b><u>18</u></b>
Represented by:			
Cash balances	32	18	18
<b>Total</b>		<b><u>18</u></b>	<b><u>18</u></b>

**17 Debtors**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	5,188	4,354	3,280	2,826
Amounts owed by group undertakings:				
Subsidiary undertakings	-	310	-	61
Prepayments and accrued income	608	578	502	373
<b>Total</b>	<b>5,796</b>	<b>5,242</b>	<b>3,782</b>	<b>3,260</b>

**18 Investments**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Deposits maturing:				
In one year or less	3,860	3,860	4,012	4,012
Between one and two years	-	-	-	-
<b>Total</b>	<b>3,860</b>	<b>3,860</b>	<b>4,012</b>	<b>4,012</b>

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

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	905	805	1,021	830
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	530
Obligations under finance leases	220	-	220	-
Other creditors	1,051	1,171	828	978
Loans due	529	-	534	-
Accruals and deferred income	6,694	6,347	6,590	5,511
<b>Total</b>	<b>9,399</b>	<b>8,323</b>	<b>9,193</b>	<b>7,849</b>

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

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans from subsidiary undertakings		2,243	-	2,243
Obligations under finance leases	890	-	1,060	-
Pension obligations	149	149	-	-
<b>Total</b>	<b>1,039</b>	<b>2,392</b>	<b>1,060</b>	<b>2,243</b>

## 21 Borrowings

	Consolidated 2011 £000	University 2011 £000	Consolidated 2010 £000	University 2010 £000
<b>a) Loans</b>				
Loans are repayable as follows:				
In one year or less or on demand	529	-	534	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
<b>Total</b>	<b>529</b>	<b>-</b>	<b>534</b>	<b>-</b>

The University currently has no borrowings with banks or overdrafts.

	Consolidated 2011 £000	University 2011 £000	Consolidated 2010 £000	University 2010 £000
<b>b) Finance leases</b>				
The net finance lease obligations to which the institution is committed are:				
In one year or less	220	-	220	-
Between two and five years	670	-	840	-
In five years or more	-	-	-	-
<b>Total</b>	<b>890</b>	<b>-</b>	<b>1,060</b>	<b>-</b>

## 22 Provisions for liabilities

	Consolidated 2011 £000	University 2011 £000	Consolidated 2010 £000	University 2010 £000
<b>Enhanced pension:</b>				
At 1 August	2,862	2,862	2,808	2,808
Provided in year	-	-	54	54
Released in year	(81)	(81)	-	-
At 31 July	2,781	2,781	2,862	2,862
<b>Other provision:</b>				
At 1 August	-	-	-	-
Provided in year	52	-	-	-
At 31 July	52	-	-	-
<b>Total</b>	<b>2,833</b>	<b>2,781</b>	<b>2,862</b>	<b>2,862</b>

Enhanced pension comprises a release in year to reflect the actuarial liability remaining for all TPS members on enhanced pensions. The provision is released quarterly against the payments to the scheme members which continues for the duration of their scheme membership.

Other provisions provides for an anticipated cost from a legal claim in a group subsidiary.

## 23 Deferred capital grants

	HEFCW grants £000	Consolidated Other grants £000	Total £000
At 1 August 2010			
Land and buildings	6,450	1,387	7,837
Equipment	207	210	417
	6,657	1,597	8,254
Cash received			
Land and buildings	2,688	-	2,688
Equipment	197	164	361
	2,885	164	3,049
Released to income and expenditure account			
Land and buildings	(523)	(110)	(633)
Equipment	(122)	(92)	(214)
	(645)	(202)	(847)
At 31 July 2011			
Land and buildings	8,615	1,277	9,892
Equipment	282	282	564
<b>Total</b>	<b>8,897</b>	<b>1,559</b>	<b>10,456</b>

	HEFCW grants £000	University Other grants £000	Total £000
At 1 August 2010			
Land and buildings	6,450	862	7,312
Equipment	207	210	417
	6,657	1,072	7,729
Cash received			
Land and buildings	2,688	-	2,688
Equipment	197	164	361
	2,885	164	3,049
Released to income and expenditure account			
Land and buildings	(524)	(25)	(549)
Equipment	(122)	(92)	(214)
	(646)	(117)	(763)
At 31 July 2011			
Land and buildings	8,614	837	9,451
Equipment	282	282	564
<b>Total</b>	<b>8,896</b>	<b>1,119</b>	<b>10,015</b>

## 24 Endowment funds and specific reserves

	Consolidated and University		Total £000
	Restricted £000	Unrestricted £000	
At 1 August 2010	-	17	17
Additions	-	-	-
Appreciation of endowment asset investments	-	1	1
Income for year	-	-	-
Expenditure for year	-	-	-
<b>At 31 July 2011</b>	<b>-</b>	<b>18</b>	<b>18</b>
<b>Specific reserve</b>			
Covenant on behalf of Charity Commission for sale of property	200	-	200
<b>Total</b>	<b>200</b>	<b>-</b>	<b>200</b>

**25 Revaluation reserve**

	<b>Consolidated 2011 £000</b>	<b>University 2011 £000</b>	<b>Consolidated 2010 £000</b>	<b>University 2010 £000</b>
At 1 August	21,762	21,489	22,208	21,927
Revaluations in the period	-	-	-	-
Adjustment for VAT accrual	(5)	(5)	-	-
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(446)	(438)	(446)	(438)
<b>At 31 July</b>	<b>21,311</b>	<b>21,045</b>	<b>21,762</b>	<b>21,489</b>

**26 Movement on general reserves**

	<b>Consolidated 2011 £000</b>	<b>University 2011 £000</b>	<b>Consolidated 2010 £000</b>	<b>University 2010 £000</b>
<b>Income and Expenditure Account Reserve</b>				
At 1 August	7,219	8,000	3,780	4,367
Surplus retained for the year	1,294	2,206	1,166	1,368
Transfer from revaluation reserve	446	438	446	438
Actuarial gain in respect of pension scheme valuation	-		2,000	2,000
Actuarial loss in respect of pension scheme	(844)	(844)	(173)	(173)
<b>At 31 July</b>	<b>8,115</b>	<b>9,800</b>	<b>7,219</b>	<b>8,000</b>
Balance represented by:				
Pension reserve	(11,497)	(11,497)	(10,375)	(10,375)
Income and expenditure reserve excluding pension reserve	19,612	21,297	17,594	18,375
<b>At 31 July</b>	<b>8,115</b>	<b>9,800</b>	<b>7,219</b>	<b>8,000</b>

**27 Reconciliation of net cash inflow from operating activities**

	Notes	Year ended 2011 £000	Year ended 2010 £000
Surplus on continuing operations after depreciation of assets at valuation		1,294	1,166
Depreciation	12	1,944	1,342
Amortisation of goodwill	13	69	69
Impairment of goodwill	13	-	513
Deferred capital grants released to income	23	(847)	(694)
Interest payable	9	333	671
Pension cost less contributions payable	33	(55)	(172)
(Increase) / decrease in stocks and work in progress	14	956	106
(Increase) / decrease in debtors	17	(2,014)	1,354
Increase / (decrease) in creditors	19	205	(1,678)
Revaluation reserve adjustment	25	(5)	-
(Decrease) / increase in provisions	22	(29)	54
Interest receivable	6	(35)	(17)
<b>Net cash inflow from operating activities</b>		<b>1,816</b>	<b>2,714</b>

**28 Returns on investments**

		Year ended 2011 £000	Year ended 2010 £000
Income from endowments		1	
Other interest received	6	35	17
<b>Total</b>		<b>36</b>	<b>17</b>

**29 Capital expenditure and financial investment**

		Year ended 2011 £000	Year ended 2010 £000
Purchase of tangible fixed assets	12	(5,426)	(5,974)
Deferred capital grants received	23	3,049	3,505
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(2,377)</b>	<b>(2,469)</b>

**30 Management of liquid resources**

		Year ended 2011 £000	Year ended 2010 £000
Withdrawals from deposits		(162)	(120)
Impairment of deposits			
<b>Net cash outflow from management of liquid resources</b>		<b>(152)</b>	<b>(120)</b>

### 31 Financing

	Note	Year ended 2011 £000	Year ended 2010 £000
Debt due beyond a year:			
Capital grants received			
Capital element of finance lease rental payments		(21)	(177)
<b>Net cash inflow from financing</b>		<b>0</b>	<b>(177)</b>

### 32 Analysis of changes in net funds

		At 1 August 2010 £000	Cash flows £000	Other changes £000	At 31 July 2011 £000
Cash at bank and in hand		3,798	(393)	-	3,405
Endowment asset investments	16	17	1	-	18
<b>Total</b>		<b>3,815</b>	<b>(392)</b>	<b>-</b>	<b>3,423</b>
Debt due within 1 year		(534)	5	-	(529)
Debt due after 1 year		(1,060)	170	-	(890)
Current asset investments		4,012	(152)	-	3,860
<b>Total</b>		<b>6,233</b>	<b>(369)</b>	<b>-</b>	<b>5,864</b>

### **33 Pension and similar obligations (University)**

The University's employees belong to three principal pension schemes: the Teachers Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, both are defined benefit schemes and the University Superannuation Scheme. The total pension cost for the period was £2,955,000 (2010 - £2,891,000). The expected costs for 2011/12 for the LGPS are £507,000 finance charge and £1,385,000 contributions.

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The Teachers' Pension Scheme is subject to a valuation by the scheme actuary every four years. The Government Actuary's Department has been working on the current valuation (as at 31 March 2008) but this has been suspended pending the final report by the IPSPC and full consideration of the Spending Review announcements.

The latest actuarial valuations of the TPS was 31 March 2004 as follows:

Latest actuarial valuation	31 st March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1%. The employee rate of contribution is 6.4%.

#### **Universities Superannuation Scheme (USS)**

The university participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

The institution is unable to identify its share of the underlying assets and Habiles of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date.

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS and the USS are multi employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. The total cost for the period was £278,000 (2010: £483,000).

### 33 Pension and similar obligations (University) (continued)

#### Local Government Pension Scheme

The following information is based upon a full actuarial valuation of the Fund at 31 March 2010 updated to 31 July 2011 by a qualified independent actuary.

	At 31 July 2011	At 31 July 2010	At 31 July 2009
Rate of increase in salaries	4.40%	4.45%	4.95%
Rate of increase for pensions in payment/inflation	2.90%	2.70%	3.70%
Discount rate for liabilities	5.30%	5.50%	6.30%

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

	At 31 July 2011	At 31 July 2010
- of a male (female) future pensioner aged 65 in 20 years' time	23.2 years (25.9 years)	22.2 years (25 years)
- of male (female) current pensioner aged 65	21.8 years (24.3 years)	21.1 years (24 years)

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July at 31 July 2011	Value expected 2011 £000	Long-term rate of return at 31 July 2010	Value at 31 July 2010 £000	Long-term rate of return at 31 July 2009	Value at 31 July 2009 £000
Equities	7.0%	9,084	7.5%	10,839	7.5%	8,491
Government Bonds	0.0%	-	4.2%		4.5%	
Other Bonds	4.9%	3,347	5.1%	2,422	5.8%	1,918
Property	6.0%	1,411	6.5%	1,384	6.5%	1,027
Cash	0.5%	979	0.5%	38	0.5%	196
Other	7.0%	7,945	7.5%	4,536	7.5%	3,474
<b>Total market value of assets</b>		<b>22,766</b>		<b>19,219</b>		<b>15,106</b>
Present value of scheme liabilities		(34,263)		(29,594)		(26,809)
Related deferred tax liability		-		-		-
<b>Deficit in the scheme</b>		<b>(11,497)</b>		<b>(10,375)</b>		<b>(11,703)</b>

	Year ended 2011 £000	Year ended 2010 £000
<b>Analysis of the amount charged to income and expenditure account</b>		
Current service cost	(1,202)	(1,155)
Curtailments	(200)	(16)
<b>Total operating charge recognised in staff costs</b>	<b>(1,402)</b>	<b>(1,171)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	1,324	1,059
Interest on pension liabilities	(1,657)	(1,730)
<b>Pension finance costs</b>	<b>(333)</b>	<b>(671)</b>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets <sup>1</sup>	917	1,564
Experience gains and losses arising on the scheme liabilities	(1,761)	(1,737)
Past service cost gain		2,000
<b>Actuarial (loss) / gain recognised in STRGL</b>	<b>(844)</b>	<b>1,827</b>
<b>Movement in deficit during year</b>		
Deficit in scheme at 1 August	(10,375)	(11,703)
Movement in year:		
Current employer service charge	(1,202)	(1,155)
Employer Contributions	1,457	1,343
Curtailments	(200)	(16)
Net interest / return on assets	(333)	(671)
Actuarial gain or loss	(844)	1,827
<b>Deficit in scheme at 31 July</b>	<b>(11,497)</b>	<b>(10,375)</b>

### 33 Pension and similar obligations (University) (continued)

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

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	29,594	26,809
Current service cost	1,202	1,155
Interest cost	1,657	1,730
Contributions by scheme participants	468	463
Actuarial gains and losses	1,761	1,737
Benefits paid	(619)	(316)
Past service costs	-	(2,000)
Business combinations	-	
Curtailements	200	16
Settlements	-	-
At end of year	<b><u>34,263</u></b>	<b><u>29,594</u></b>

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

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	19,219	15,106
Expected rate of return on scheme assets	1,324	1,059
Actuarial gains and losses	917	1,564
Contributions by employer	1,457	1,343
Contributions by scheme participants	468	463
Benefits paid	(619)	(316)
At end of year	<b><u>22,766</u></b>	<b><u>19,219</u></b>

#### History of experience gains and losses

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Actual return on scheme assets	2,194	2,623	(2,048)	(787)	-
Difference between the expected and actual return on assets	917	1,564	(3,149)	(1,916)	641
Experience gains and losses on scheme liabilities	(1,761)	(1,737)	2,640	2,119	(627)
Present value of the scheme liabilities	(34,263)	(29,594)	(26,809)	(26,396)	(21,991)
Present value of the scheme assets .	22,766	19,219	15,806	15,725	15,634
Deficit	<b><u>(11,497)</u></b>	<b><u>(10,375)</u></b>	<b><u>(11,003)</u></b>	<b><u>(10,671)</u></b>	<b><u>(6,357)</u></b>

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

### 34 Capital commitments

	Consolidated	
	Year ended 2011 £000	Year ended 2010 £000
Commitments contracted for at 31 July		
Creative Industries Building	-	5,000
Centre for the Child Building	-	2,100
<b>Total</b>	<b>-</b>	<b>7,100</b>

### 35 Financial commitments

At 31 July the Group had annual commitments under non-cancellable operating leases as follows:

	Consolidated and University			
	2011		2010	
	Property £000	Vehicles, plant and equipment £000	Property £000	Vehicles, plant and equipment £000
Expiring within one year	-	13	-	29
Expiring within two and five years inclusive	-	-	-	30
Expiring in over five years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>59</b>

### 36 Contingent liability

The University are standing as guarantor for the NatWest Bank in respect of a €5 million Euro contract between Optic Glyndŵr Limited and the European Southern Observatory (ESO) organisation in respect of delivery of works on the ESO Extra Large Telescope project for completion in March 2013. These monies may become payable if the contract is not completed successfully in the allotted timescale.

### 37 Related party transactions

Due to the nature of the University's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. All members of the board of governors and senior post holders are required annually to declare any interests and disclose all related party transactions, where appropriate. These are reviewed as part of the annual external audit. No transactions have taken place in year.

### 38 Access and disability grants

<b>Access Funds</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Balance unspent as at 1st August	202,797	137,561
Income - Funding Body	115,339	302,186
Income - Interest earned	122	121
Income - Repaid loans	-	-
Income - Contributions from other bodies	-	-
	<hr/>	<hr/>
	318,258	439,868
Disbursed to students	(100,288)	(236,531)
Administration costs	-	-
Audit fees	(161)	(540)
	<hr/>	<hr/>
Balance unspent as at 31 July	<u>217,809</u>	<u>202,797</u>

Funding Body grants are available solely for students. In the majority of instances, the University only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the University's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the University on the student's behalf.

### 39 Post balance sheet events

The University acquired the following assets post year end:

Racecourse Stadium Wrexham - the University have purchased the stadium, the home of Wrexham AFC, and the training ground facility Colliers Park, Gresford.

London School of Management and Science - the University have purchased a college in London specialising in the teaching of undergraduate international students in the disciplines of Health and Business.