

The logo of the University of South Wales is a red shield with a rounded bottom right corner. Inside the shield, the university's name is written in white text.

**University of  
South Wales**  
Prifysgol  
De Cymru

**Financial Statements and Annual Review**  
for the year ended 31 July 2015

[www.southwales.ac.uk](http://www.southwales.ac.uk)

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# The University of South Wales Group

## The University of South Wales

As one of Britain's most exciting new universities and a major player in higher education, the University is among the top 10 campus universities in the UK by student number and attracts a cosmopolitan mix of students from 120 countries.

The University of South Wales is unique in combining the broadest range of provision with the widest access to education. It offers a full range of qualifications, from PhD study to foundation degrees. The breadth of subjects includes the full range of STEM subjects, from aircraft engineering and mathematics to computing and surveying. The University is also an experienced provider of teacher training.

The University of South Wales is recognised as a powerhouse in applied research that is used to shape key decisions. As a public policy think-tank, the University offers independent advice to government, industry and employers across the UK on health,

education, economic growth, social policy, and governance. This enables it to provide a platform for ideas and debate with bodies such as the CBI, the Joseph Rowntree Foundation, and NESTA.

## The Royal Welsh College of Music & Drama

The Royal Welsh College of Music & Drama is the National Conservatoire of Wales and a leading UK provider of specialist practical and performance-based training in music, drama and other related professions. The College provides training that enables students to discover their own artistic individuality and helps to shape the future of their chosen careers.

## The College Merthyr Tydfil

The College makes a major impact on the economy of the Heads of the Valleys region by providing access to basic and higher level skills and qualifications. The vocational nature of its courses reflects the current practices and conditions of the professional world.



Horror film *The Devil's Vice*, made by staff and students at the University of South Wales film school, was aired on BBC One Wales. The hour-long film was directed by BAFTA award-winning Peter Watkins-Hughes and featured five graduates in production roles.



Pontypridd Campus, Glyntaff



ATRium Building, Cardiff Campus



# Building on our first year

If 2013/14 was the year in which we made the first steps into University of South Wales's existence, 2014/15 is the year in which we made major progress in mapping the University's future.

Our Strategic Plan was developed with the input of staff, governors, and external partners. It sets out the University's core values and principles, with the commitments that we make to our students, engagements, and applied research and innovation and the key performance indicators against which we will measure our success. Fundamentally, proud as we are of our heritage as a university founded by business and the professions, we aim to build on that inheritance as we seek to make the University of South Wales the university of choice for students, organisations, and communities who value vocationally-focused education and applied research, which provides solutions to problems that affect society and the economy. 2014 was also the year in which we took strategic decisions on how to prioritise future investment in the University's estate, taking a long term view that will concentrate the University of South Wales's presence and future development in three campuses offering distinctive packages of courses in Pontypridd and in the city centres of Newport and Cardiff.

Our summer graduations this year were the first at which the University's new Chancellor the Rt Hon Lord Rowan Williams presided over our ceremonies. Every University has ceremony and ritual that bind us as an academic community. It is an affirmation of our new identity and inherited traditions, not just as an individual university but as part of the longer continuum of learning and teaching that runs through the first incarnation of university education in the classical civilisations of the ancient world, through the vocational theology-based scholarship of the middle ages, to the expansion of higher education in the 19th century. The role of our Chancellor, the formal head of the University who in many senses personifies its values, is key to this sense of shared purpose, robust inquiry, and academic rigour. We can describe Rowan Williams no more effectively than the citation that introduced him formally to a congregation of students, staff, and key partners from across Wales's intellectual and cultural life, which described our Chancellor as "A poet and scholar, a linguist and a peacemaker, a theologian and a philosopher, a leader in people's thoughts and a servant in so many of their lives, a citizen of the world and one of our own."

At our Installation Ceremony, we also took delivery of the new University Mace. A fine symbol in industrial steel, designed by award-winning University of South Wales academic Jeremy Spencer, a sculptor in his own right, the Mace was manufactured by apprentice James Benson and the engineering team at GE Aviation Wales, a physical demonstration in its creation and its double-helix design of the living partnership with employers and industry that runs through this University's DNA.

Other distinguished honorands recognised at our degree ceremonies through the year included political leaders, stars of the performing arts, distinguished academics, and leading scientists.

As the eyes of the world turned to Newport in September 2014, we welcomed 100 school children from across the UK to our Newport City Campus for an intensive summit of their own with personal contributions from visiting leaders including the UK's Deputy Prime Minister, the US Ambassador to Britain, and supported a young NATO simulation in partnership with the British International Studies Association and the next generation of young leaders from across the NATO diaspora, in Britain as guests of HM Government with the Atlantic Council.

The subsidiaries within the University of South Wales Group continued to thrive. Wales's National Conservatoire, the Royal Welsh College of Music and Drama, continued to establish its growing reputation as a serious competitor within the conservatoire sector, and played a vital role in bringing major film and television investment to Wales. The College Merthyr Tydfil has settled well into its superb new campus, continuing to provide major advances in progression into further and higher education in our key communities in the Heads of the Valleys. It complements the continued success of the Universities Heads of the Valleys Institute, UHOVI, the nationally recognised initiative in partnership with the Welsh Government that is doing so much to bring learners into higher education.

Our sense of the communities we serve remains at the heart of what we do. As an international scholastic community we welcome students from over 120 countries, of every background and creed, and of all faiths and none.

Rooted in the communities of South Wales, we make an impact not just to the individual students we educate from every part of our region, but in the contribution we and they make to the public services, city region boards, local authorities, hospitals, businesses and schools. Our partnership with the five Further Education colleges of the region is just one example. The work of University of South Wales health research experts, at Welsh Government's request, informing hospital provision in Mid Wales and resulting in a study endorsed by stakeholders across the viewpoints, is another.

University of South Wales lecturer  
Jeremy Spencer designed a new  
Ceremonial Mace for the University,  
which was unveiled at the installation  
of our Chancellor, Rowan Williams.





Open for Business, an exhibition of some of the world's finest photographers, came to the University's Newport City Campus. The exhibition was opened by former University lecturer and Magnum photographer David Hurn.





Although 2014/15 was a year in which we developed the University's long term horizon, there were individual successes that stood out in their own right. Our rating in the Research Excellence Framework highlighted applied research strengths across diverse fields such as social policy, creative industries, and sport science.

As a University founded by industry and the professions, we have continued to bring our students to the world of work through placements, and exposed them directly to the leading thinkers in their chosen fields. Speakers at the University have ranged from former cabinet ministers at the heart of Britain's foreign policy to the conditioning coach of the All Blacks, from the sound engineer of the Beatles and Pink Floyd to the leading talent developer of Dreamworks animation, and David Hurn, founder of the University's documentary photography tradition and original stills photographer to James Bond.



*Julie Lydon*

**Professor Julie Lydon OBE**  
Vice-Chancellor

In conclusion, as we look back at University of South Wales's year, we are very aware that it is not enough to be one of the UK's largest universities, for all that this critical mass allows us to meet the needs of employers and students with a very much enhanced capability. We remain firmly focused on flexibility and high performance that allows us to thrive in a rapidly changing environment for all universities, recruiting students, attracting leading academics, and adding value to our communities through the excellence of what we do and the growing reputation we are establishing as a major modern, professional university of which Wales and the UK can be proud.



*Gareth Williams*

**Gareth Williams**  
Chairman of the Board of Governors

## A Year in the University



Rugby star Sam Warburton and Welsh Government Minister Ken Skates AM teamed up to launch a unique international collaboration between the university and Setanta College in Ireland



The University celebrated world-leading research in the REF (Research Excellence Framework), including studies by criminologist Professor Fiona Brookman, which have provided new insights into the nature and circumstances of homicide.



Sport students met Nic Gill, strength and conditioning coach for the New Zealand All Blacks, during his visit to the University. The All Blacks trained at USW's Sport Park ahead of their autumn international clash with Wales.



The University hosted the Royal College of Nursing (RCN) Winifred Raphael memorial public lecture for its first time in Wales. The lecture explored the quality of nursing care and welcomed Professor Linda Aitken from the University of Pennsylvania.





Dr Ali Wardak was presented with the Radzinowicz Memorial Prize, awarded by the British Journal of Criminology, in recognition of his unique research into war and crime in Afghanistan.



Law student Annie Devine was part of the gold medal-winning UK wheelchair rugby team at the first ever Invictus Games, which was championed by Prince Harry and saw 400 injured ex-servicemen and women compete in a variety of sports.



A new report published by University of South Wales's Professor Marcus Longley, Director of the Welsh Institute for Health and Social Care, recommended that three Mid Wales health boards needed to form a partnership in order better to serve their patients.



The University hosted the Royal College of Nursing (RCN) Winifred Raphael memorial public lecture for its first time in Wales. The lecture explored the quality of nursing care and welcomed Professor Linda Aitken from the University of Pennsylvania.

# Members of the Board of Governors

## Independent Governors

Gareth John Williams (Chairman)  
Haydn Warman (Deputy Chair)  
Professor John Andrews  
Stephen Best  
Chris Freegard  
David Lewis  
Hélène Mansfield  
Graham Moore  
Tony Morgan  
Deborah Perkin  
Sandra Spray  
Professor Mo Wahab

## Co-opted Members

Professor David Baker  
Sue Burton  
Terry Driscoll  
Graham Edwards  
Professor Helen Langton  
Huw Williams

## Vice-Chancellor

Professor Julie Lydon

## Academic Board Nominees

Haydn Blackey

## Student Governor

Carys Thomas (until 30 June 2015)  
Ellen-Rose Jones (since 1 July 2015)

The Clerk to the Board of Governors during the year ended 31 July 2015 was

William Callaway

Since the year end, the following changes to the Board of Governors have occurred:

Members who have completed their term of office:

Professor John Andrews  
Haydn Blackey  
Professor Mo Wahab

New member appointed:

Professor Graham Henderson

## Members of the Finance and Resources Committee

Tony Morgan (Chair)  
Gareth Williams  
Haydn Warman  
Professor Julie Lydon (Vice-Chancellor)  
Professor David Baker  
Hélène Mansfield  
Graham Moore  
Deborah Perkin  
Karen Thomas

## Members of the Audit Committee

David Lewis (Chair)  
Steve Blake  
Dr John Graystone  
Alison Phillips





# Financial Review 2014/15

## Principal Objectives

The principal objectives of the University, in accordance with Section 124 of the Education Reform Act 1988, are concerned with the provision of higher education, further education and the conduct of research. In addition, the University also undertakes other activities in support of those principal objectives. These include knowledge transfer, consultancy and the provision of accommodation, catering and conference services.

## Financial Strategy

Our financial strategy is designed to ensure the long term viability and sustainability of the University group by creating an operating environment in which staff take responsibility for maximising the benefits of new and innovative funding sources and the efficient and effective stewardship of our resources.

The University has identified a number of key financial performance indicators that it monitors as part of its financial strategy. Performance over the last three years shows:

Key financial ratios as a % of Income	2014/15 %	2013/14 %	2012/13 %
Operating surplus	4.6	3.8	2.5
EBITDA	12.5	13.1	12.0
Staff costs	55.5	56.0	60.1

## Financial Prospects

We anticipate that realising student growth in the highly competitive home and international markets will be challenging. We have therefore set the target of maintaining our position as a comprehensive University with 30,000 students and, accordingly, it is essential that we are able to continue to attract and retain talented students from both the UK and overseas to support our scholarly activities across a diverse range of academic disciplines. In order to do so, we will offer distinctive programmes that students truly want to study; differentiated from our competitors in content where appropriate and in pedagogy and mode of delivery.

Our Academic Plan seeks to build on what we already have that is distinctive in our academic offer and promote best practice that is clearly found across the length and breadth of our campuses. The emphasis on active participation and simulation based learning for 21st Century employment that is underpinned by focused, high quality research will direct our decision making in relation to our academic programmes, our strategic partnerships, our staffing and our learning environments.

Currently, the maximum fee that any University can charge for full time home and EU undergraduate study is capped at £9,000. The University will raise the fee for the majority of first year full time and EU undergraduate courses to £9,000 for the 2015/16 academic year. At present, there is no indication whether this cap will remain or whether it will be raised in future years. However, the University in common with other institutions in the sector, is still subject to significant inflationary pressures from staff pay awards, additional pension scheme costs, and rising energy prices. As staff costs constitute over 58% of total annual expenditure, continued control of both staff numbers and pay levels remains crucial to the ongoing financial performance of the group.

In 2014/15 and 2015/16, the Higher Education Funding Council for Wales reduced the premium funding allocated to the Royal Welsh College of Music & Drama to fund conservatoire level provision. The initial reduction for the year ended 31 July 2015 has been mitigated through income generation and costs savings and the College generated a modest surplus for that period. The Welsh Government has recently announced a review of conservatoire and performing arts provision in Wales although the outcome of this review is unknown.

## Annual Financial statements

The annual financial statements comprise the results for the University consolidated with the results of its subsidiaries. Details of the principal components of the group have been detailed on page 3.

### Financial Performance 2014/15

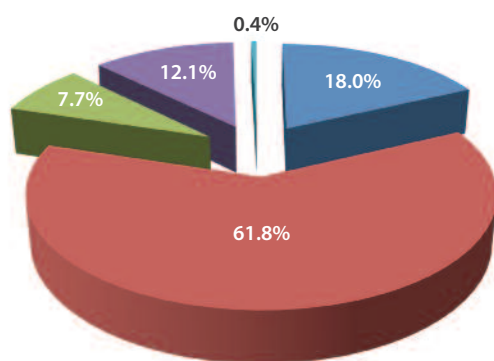
- 0.5% growth in income
- Operating Surplus of £9m, representing 4.6% of income
- Cash generated from operations of £24m
- Net assets of over £121m

In an increasingly competitive environment we are pleased to have increased income by 0.5% and generated an operating surplus of £9m, to safeguard against future financial risks and provide funds for reinvestment. This underlines our continued progression towards long term financial sustainability.

Exceptional items of £12.5m have been recognised in the financial statements relating to the impairment and restructuring provision associated with the Caerleon campus. This follows the decision to concentrate the University's presence in Newport, in the city centre and close the Caerleon campus at the end of the 2015/16 academic year.



## Income



- Funding body grants
- Tuition fees and education contracts
- Research grants and contracts
- Other operating income
- Endowment and investment income

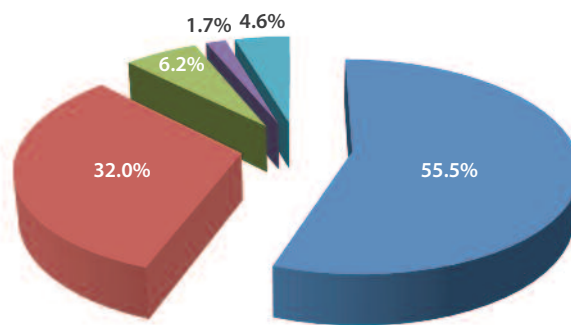
**Total income for the year was £196.9m (2014: £195.9m) a 0.5% increase on the prior year.**

- Funding body grant income has fallen reflecting funding reductions by HEFCW including the third cohort of home and EU undergraduates subject to the new fee regime.
- Tuition fee income has increased by £12.7m. The composition of income continues to change with the proportion from Home/EU undergraduate fees increasing as the new fee regime rolls through. In an environment of reducing Government funding, our reliance on growing student numbers is a strategic imperative and a very challenging one in a sector where all institutions will have a similar objective. To meet this challenge, and mitigate a significant institutional risk, the University will continue to invest heavily in enhancing the student experience.
- Research grants and contracts decreased by £1.9m (11%) reflecting decreased activity levels in the current year, as a result of certain EU projects concluding.

**Total expenditure pre exceptional items was £187.9m (2014, £188.3m) an 0.2% decrease on the prior year.**

- Staff costs decreased by £0.3m. This is a reduction as a percentage of income from 56% in the prior year to 55.5% in the 2014/15 academic year.
- Other operating costs increased by £2.5m reflecting increased spend against Funding Council Grants.
- Depreciation has decreased following an external exercise to assess the estate. This has led to a revised asset life of certain buildings.

## Expenditure (as a % of Income)



- Staff costs
- Other operating expenditure
- Depreciation
- Interest and other finance costs
- Operating Surplus

## Vice-Chancellor's Emoluments

The Board of Governors is charged with setting the remuneration of the Vice-Chancellor, who is Chief Executive of the University of South Wales Group, which includes the College Merthyr Tydfil and the Royal Welsh College of Music & Drama.

At its review in 2015, the Board of Governors, on the advice of its Remuneration Committee, has set the salary of the Vice-Chancellor at £220,000. Relevant factors in reaching this decision include the fact that the incumbent Vice-Chancellor has voluntarily declined a pay uplift every year since she was appointed in 2010. Since that point, national pay awards in the sector have increased annually, and the University has increased in both size and turnover. This cumulatively had resulted in a significant disparity between USW and comparable universities in both the Welsh and UK higher education sector. The Board's view is the chief executive's level of salary should also reflect the increased size and scope of the University and the wider Group since it last changed, in 2010. By choosing parity with the median for University Alliance institutions, this decision places the salary of USW's Vice-Chancellor at a broadly equivalent level, albeit at the lower end of the range, to that paid to the heads of comparable universities across the UK.

### Capital Investment

Accessible, stimulating and high quality physical and virtual learning environments are fundamental to ensuring the best possible experience for our students and their academic success.

Capital investment during the year was £10.6m (2014, £14.9m). The key areas of investment during the year include:

- The completion of a new modern centre for Automotive and Power System Engineering (CAPSE) with a total cost of £3.1m
- The completion of extended facilities for Aircraft Maintenance Engineering at a total cost of £3.4m.
- A £3.1m expansion of the ATRIUM Campus, phase 1 of a total £14.5m project, that will cater to growing demand from Cardiff's business community such as the creative industries' increasing need for graduates in broadcasting, animation and performing arts.

### Cash flow and financing

The university has generated cash flow from operating activities of £24.1m (2014, £27.3m)

The net funds position has increased from £5.4m to £17m. This includes long term bank loans of £70.7m (£73.0m). The loans are subject to financial covenants, all of which have been complied with during the year.

The University holds over £87.4m (2014, £78.3m) of cash and short term investment balances. These balances are invested with a range of UK and Overseas banks and building societies, UK government securities and corporate bonds.

### Pensions

The group participates in three pension schemes, the Teachers Superannuation Scheme (TSS), the Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF) and the Universities Superannuation Scheme (USS).

It has not been possible to identify the institution's share of the underlying assets and liabilities in relation to the TSS and USS scheme and as such they are accounted for as if they were defined contribution schemes. The deficit of the RCTPF has increased from £74.5m to £89m.

### Risk Management

The University has identified a number of higher level strategic risks that it monitors on a regular basis. These include:

**Financial sustainability** – Operating in a highly competitive market where tuition fee levels are capped and expenditure subject to inflationary price rises, it is more important than ever to be able generate sufficient cash surpluses to allow strategic investment in the student experience, infrastructure and staff.

The University mitigates this risk through the implementation of the finance strategy. This includes a focus on fundamentals of financial management ensuring transactional efficiency and understanding and analysis of contribution and business drivers. A key component of this will be the delivery of a transformational change programme designed to review the core business process of the organisation. A key stream of this programme will result in the implementation of a new finance system set to go live in the 2015/2016 academic year.

**Reputation** – The University league table position has the potential to impact on both recruitment of students, high calibre research and teaching staff. Although to date we have seen no significant impact, we have a strategic focus to address the key areas affecting this position.

**Student recruitment and retention** – The University has a stated ambition to be the University of choice in Wales and beyond for students who value vocationally-focussed education and applied research. The lifting of the student number cap in England and uncertainty of future funding poses a significant risk to student recruitment.

Our Academic Plan seeks to build on what we already have that is distinctive in our academic offer and promote best practice that is clearly found across the length and breadth of our campuses. In addition, we are continuing to promote the USW brand both internationally and in the UK and look at ways to improve the student experience to improve overall retention rates.



"The University of South Wales is committed to the delivery of a first-class learning environment incorporating the use of cutting edge learning facilities: a learning environment in which students flourish and grow, academically and socially."

Julie Lydon, Vice-Chancellor





# Public Benefit Statement

## Introduction

The University of South Wales became a registered charity (number 1140312) on 9th February 2011, having previously been an exempt charity under the terms of the Charities Act 2003. The registered address of the charity is Treforest, Pontypridd, CF37 1DL. The members of the Board of Governors are the trustees of the charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

Under section 124 of the Education Reform Act 1988, the University of South Wales Higher Education Corporation has power to:

- a) provide higher education;
- b) provide further education;
- c) carry out research and to publish the results of research.

The University promotes the advancement of education and learning for the public benefit through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications.

It undertakes research in pursuit of new knowledge and understanding driven by a spirit of academic enquiry. In keeping with its role as an institution firmly embedded in its local, regional and national communities, it also has great strengths in problem driven research conducted in partnership with external stakeholders.

Finally, it provides, maintains and improves facilities and services for the benefit of the local community, e.g. sporting facilities, performance space and public amenities (e.g. chiropractic clinic).

## University Strategy

The University of South Wales is a dynamic higher education institution which is at the vanguard of innovative change within Wales and beyond and states with some conviction that it has always applied its knowledge and research to the real-life problems facing people, businesses and our communities. It aspires to be unrivalled for professional, employment-focused education and research informed innovation and business engagement.

Displaying a strong track record of robust financial management and resilience, the University has in recent years invested significantly in its infrastructure to encourage and support distinctive learning, teaching and research of the highest quality across a range of academic disciplines. Much of the University's academic endeavour – courses of study, research and commercial activities – is orientated to the needs of professions, industry and the public sector. We are justly very proud of the University and its

achievements; the talents of our students and staff have taken us from our origins as the South Wales & Monmouthshire School of Mines close to a century ago to the Polytechnic of Wales and to our current position as the largest University in Wales.

In the execution of its strategy and the advancement of education for the public benefit, the University strives to adhere to the following core values in all of its activities:

- Harnessing and developing the creative, innovative and entrepreneurial capabilities of our students and staff
- Promoting social inclusion and increasing participation in and progression to Higher Education
- Making a positive impact on the economy, society and culture of Wales and beyond through innovation and engagement
- An ethical, open, collaborative and professional work ethos
- An environmentally-aware and sustainable University

## Harnessing and developing the creative, innovative and entrepreneurial capabilities of our students and staff

The University is committed to offering its students a creative, innovative and intellectually challenging higher education experience which will furnish them with the evaluative, analytical and entrepreneurial skills essential to succeeding in the workplace. It is cognisant of the growing importance of student employability within the current economic environment and has embarked upon a comprehensive curriculum review in order to deliver an attractive, distinctive and employment focused portfolio of academic programmes underpinned by cutting edge scholarship and practice, providing effective embedded development of professional skills. It seeks to offer programmes that unlock the talents of its students and equip them with the requisite skills to take on the role of contributing citizens, quality employees, creative thinkers and leaders.

The University is also committed to enhancing the student experience. The outcomes of a major institutional review were far-reaching, effecting strategic and operational change across the University. For example, the growing importance of the student voice was acknowledged whereby student representation is now an integral part of the Faculty Board system and support was given to the continuing development of the Student Voice Representatives (SVR) scheme. The frequency and relevance of communication to students has dramatically improved via the MakeIT Personal project and they are now able to make use of a Blackboard presence for every one of their modules.







Sixth form students from across the UK attended a model NATO summit at the University's Newport City Campus.





The University has also invested significantly in the development of its estate to meet the academic and social needs of its students, including a new Student Union building and halls at Treforest, new facilities at our Cardiff campus

The University has an excellent record of providing staff with opportunities to continuously develop their personal and professional skill base. In doing so, it has striven to offer opportunities which support the acquisition of skills and expertise relevant to roles; maximise the capacity of employees to contribute to the University's strategic objectives and vision; and foster individual potential and promote job satisfaction.

The concept that academic staff should contribute to both teaching and scholarly activity/research or teaching and professional practice has been developed and refined over several years. The University of South Wales Academic concept seeks to engage all academic staff in research or scholarly activity to underpin their teaching.

The Quality Through People project is aimed at reviewing and developing processes and practices associated with every aspect of an employee's lifecycle at the university. This will include the long stated aim of the University to introduce a comprehensive Performance Management System.

### **Promoting social inclusion and increasing participation in and progression to Higher Education**

The social and economic role of higher education - with a clear focus on preparing graduates for future professional employment in the region, nationally and internationally - is central to the University's strategy.

The University's learning, teaching and widening access strategy addresses the approach it will take to fulfil learner potential in contributing to the social and economic requirements and the wider skills agenda within Wales and beyond. Achievement of the strategy is predicated on furthering collaboration between students, graduates, employers, employees and the communities which the University serves.

Through its approach to learning, teaching and widening access, the University will engage in developing the social and cultural capital of prospective and current students. Through specialised provision at regional levels (including the Heads of the Valleys) students and graduates will not only be able to engage in social and cultural development, but will also be willing to challenge existing societal norms to achieve sustainable development and global citizenship.

By combining learning, teaching and assessment with widening access in one strategy, the University is making clear its commitment to ensure that all of its learning and teaching provision is accessible and inclusive. The strategy confirms that widening access is not just about who can be recruited to higher education. It also promotes effective learning, teaching and assessment methods in order to ensure that individuals from marginalised communities and groups of learners with protected characteristics are part of

mainstream provision. The strategy therefore prioritises achievement, progression and completion for all the institution's learners. The core emphasis throughout is inclusive learning; something that depends on the continual articulation of learning, teaching and widening access approaches as two sides of the same coin.

The learning, teaching and widening access strategy, developed in the context of the University strategy, also addresses the Welsh Government (WG) agenda outlined in For our Future (2009), and the Funding Council's implementation of that plan through the HEFCW Corporate Strategy 2010-13 (2009). It will also include the WG regionalisation agenda for collaboration within South East Wales and engagement with the Coleg Cymraeg Cenedlaethol.

### **Making a positive impact on the economy, society and culture of Wales and beyond through innovation and engagement**

The University's commitment to the Innovation and Engagement agenda is an integral part of its core mission, spanning the three strategic priorities: Students; Research, Innovation and Knowledge Transfer; and Engagement. The University's innovation and engagement plan is fully aligned with key Welsh Government policy documents including For Our Future, Economic Renewal Programme and HEFCW's corporate strategy.

Considerable progress has been made in the past four years, with a focus on employability, an entrepreneurial approach and extensive business engagement contributing to the social and economic well-being of Wales. Services to business have continued to grow and diversify with a good recovery from the impact of recession. A marked increase in the number of large-scale technology based projects, as well as the establishment of new commercial centres, has strengthened and diversified the University's commercial activity. The University's commitment to developing leaders and managers has continued, offering key professional training accreditations to key strategic partners. Partnerships with employers, professional bodies and employer networks have been built upon, with work-based learning and the employability of our graduates being key.

The University has been working to strengthen the links between consultancy and knowledge transfer, and link to the University's key fields of research: Digital Economy; Enterprise and Social Innovation; Culture and Society; Health and Well-being; Energy and Environment; Security and Resilience. The University continues to engage proactively with key knowledge transfer programmes such as A4B and KTP, and has increased the engagement of staff with external organisations very successfully through the Strategic Insight Programme. The University has secured more than £1m for high-value intellectual property based spinout companies, and continues to commit to both the entrepreneurship and employability agenda through the Graduate Incubator facility (GTi), and the 'Ideas Factory' business start-up programme. The University is also proud to be one of the top 10 universities in the UK in relation to graduate start-up companies.

### **An ethical, open, collaborative and professional work ethos**

The University of South Wales is the largest diverse community in Rhondda Cynon Taf, Newport and surrounding area. It strives to sustain a culture where mutual respect and trust are the foundation for working relationships between staff, students, partners, contractors and visitors to the University. It has chosen to move towards a Single Equality Scheme (SES), which brings together its equality schemes in the areas of disability, race and gender into a single framework in line with the Equality Act 2010. This Scheme encompasses all parts of the University, including the Royal Welsh College of Music and Drama, and The College Merthyr Tydfil, which are subsidiary companies of the University.

In addition to promoting equality of opportunity and inclusivity in all its services, it will also promote the principles of diversity throughout the University. Diversity adds other dimensions to the equality agenda, by making sure that the differences between individuals or groups are understood, valued and treated with dignity and respect at work and study.

The University of South Wales is committed to fulfilling the duties imposed on it by all the equalities legislation and wishes to demonstrate this commitment through this Single Equality Scheme and action plan. The University is committed to promoting, monitoring and implementing this scheme and will encourage diversity in all that it does. This is evidenced in the University's vision and strategic priorities.

Through this Single Equality Scheme the advancement and promotion of equality and diversity will be a key feature within all our activities, as we believe this is ethically right and socially responsible. Equality and diversity are essential factors that underpin the academic and financial strength of the University. The formal responsibility for meeting the requirements of the equalities legislation lies with the University of South Wales Board of Governors. The Vice-Chancellor's responsibility is to ensure that the legislation is fully implemented in accordance with the policy approved by the Board.

The University of South Wales will promote and raise awareness of equality and diversity by providing staff training, advice, guidance and information for its staff and students. It is also the responsibility of all University staff and students to eradicate discrimination and promote equality and diversity throughout the University community.

### **An environmentally-aware and sustainable University**

Sustainability aims to fulfil human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations. The University's commitment to sustainability consists of a holistic approach that involves:

- A long-term, integrated approach to developing and achieving a healthy community for staff, students and visitors by jointly addressing economic, environmental and social issues, whilst avoiding the over consumption of natural resources;
- Adapting a series of policies and strategies which over time underpin how the University operates, functions and presents itself to the outside world;
- Complying with the increasing demand to perform across a wide range of environmental, social and economic drivers;
- Drawing upon and including our staff, students, visitors, business contacts, suppliers, local residents and partners.

As one demonstration of the University's commitment to sustainability, it has set up a formal environmental management system according to the principles set out in BS EN ISO 14001:2004 "Environmental Management Systems". The University offers a wide range of courses at undergraduate and postgraduate level and had significant research activities. A Sustainability Handbook has been produced that reflects the University's Procedures and key performance indicators in the following categories:

- Energy, Water and Waste Management
- Carbon Management
- Sustainable Travel
- Environmental Management
- Construction and Refurbishment
- Sustainable Procurement
- Biodiversity
- Curriculum, Research and Development

These will contribute to preserving the environment for current and future generations, during staff, students and visitors time within the University. The handbook is issued with the authority of the Vice-Chancellor, who is accountable to the Board of Governors for the University's performance and behaviour.



USW physiologist Damian Bailey published groundbreaking research into links between rugby players suffering multiple concussions and being at risk of developing early onset dementia.









## Services to the Community

The University is renowned for its strong community links, and its commitment to the widening access agenda. As indicated, key to its core values is promoting social inclusion, increasing participation and making a positive impact on the economy, society and culture of Wales.

The University led the management of the Reaching Wider partnership for South East Wales, collaborating to provide exciting and challenging activities for a wide cross section of school pupils. Projects included Family Learning - formal and informal activities and programmes where parents, grandparents, children and carers are involved in learning; and Hands on Science which encouraged young people across Wales to study Science, Maths and Health related subjects beyond GCSE.

The University's Programme for Community Regeneration also continues to work to promote research and evaluation of community-based approaches to development within Wales, raising the profile of these issues on academic, policy and political agenda in Wales.

## Civic role of the University

The University continues to play a significant role in the region, which is evidenced by the Universities Heads of the Valleys Institute (UHOVI) initiative, membership of the St David's Day Group, and the Beacon for Public Engagement.

UHOVI is a unique partnership that is delivering courses locally in a supportive and accessible environment. It plays an important role in helping the talented and able people living and working within the Heads of the Valleys region achieve their true potential. By providing employer-focused, relevant, higher education courses in the local community, UHOVI makes full and part-time foundation degrees, work based learning and bite-sized modules that support the up-skilling of the workforce more accessible to local people. By 2015, UHOVI provided the equivalent of over 4,000 full time places for students. The six institutions involved in UHOVI have pooled their expertise to provide a seamless series of curriculum pathways from level 2 (GCSE) through to level 5 (Foundation Degree) that direct their attention to the economic priority areas identified by the Welsh Government and ensure that prospective students aged 16 upwards can access a relevant pathway at any point from level 2 to 5 to gain a full-award or a single module to provide timely up-skilling in line with the needs of employers.

The University continues to engage with policy makers in advisory roles through key commercial and research groups including the Wales Transport Research Centre, Welsh Institute of Health and Social Care, Sustainable Environment Research Centre and the Programme for Community Regeneration. The University also runs a wide range of events to encourage involvement in policy development and civic engagement. The University's Public Affairs Forum brings together leading speakers to address key public issues before an invited audience of senior personnel from across the public, private and voluntary sectors in south Wales.

The Forum is intended to inform opinion about changes affecting public life in Wales and the challenges for those tasked with responding to them.

The University's curriculum design guidance makes explicit the importance of embedding citizenship in the curriculum. Notable programmes in this area include PG Certificate Citizen Engagement (Health and Social Care) which equips students with the skills to understand and implement citizen engagement activities within their sphere of practice, at strategic and operational levels, providing the policy context for engagement and critically analyse the notion of citizenship. The BA (Hons) Public Services examines the delivery and management of public services, including the role of the voluntary sector and the involvement of citizens in the management of public services. Other key awards include MSc Public Service Management, Doctorate Public Leadership, BSc (Hons) Youth and Social Service. The University also offers both an MSc in Disaster Management and in Disaster Healthcare.

The University sees the enhancement of the Welsh language and culture as a priority, with a key objective being the growth of Welsh medium/bilingual provision in focused academic disciplines. There are now over a hundred modules fully or partly studied through the medium of Welsh, including: Nursing, Law, Drama and Music.

In 2010, the University launched its Welsh Language Scheme, which was approved by the Welsh Language Board. The University has adopted the principle that it will aim to treat Welsh and English equally when conducting public business in Wales. Members of staff are encouraged to use their Welsh medium skills during day-to-day activity around Campus from displaying the Welsh in the Workplace badge, using the logo on e-mails and more. Welsh speaking students at the University can request a bilingual personal tutor and discuss submitting essays in Welsh. Students can enjoy social activities through the medium of Welsh and the University has its own Welsh Language Society at the Students' Union.



# Corporate Governance

The University is committed to high standards of corporate governance. Whilst the University, being a higher education corporation formed by statute and with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it complies with best practice within the higher education sector.

This statement describes how the relevant principles of corporate governance are applied to the University. The Boards of Directors of the Royal Welsh College of Music & Drama (RWCMD) and the Merthyr Tydfil College (MTC) are responsible to the Board of the University which is the sole 'member' of those corporations. The committees of the Board of Governors of the University act as committees for the Boards of Directors of RWCMD and MTC as appropriate, except insofar as those Boards (with the agreement of the University Board) have their own arrangements.

The Board of Governors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The governors discharge this responsibility through the following elements:

- Effective review by the governing body and relevant committees, particularly Finance and Resources and Audit;
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems;
- An effective internal and external audit function;
- The identification and management of risk embedded in all business systems and
- Regard for the Committee of University Chairs Governance Code of Practice.

The University's approach for the effective management of risk is set out below:

- The University focuses on the active management of risk as an integral part of the management process within every part of the organisation;
- As part of the risk management framework, the University clearly identifies risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the University's reputation, its financial position or its day to day operations or any combination thereof;

- The University actively encourages all managers to consider risk implications of each major decision, contract or project as a normal part of their day to day work;
- The University integrates risk management into the annual planning process which is the means by which the Directorate determine and co-ordinate the University's academic and other activities;
- The Vice-Chancellor and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the University's risk register;
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Vice-Chancellor and the senior management team work with Deans and Faculty Executives, Heads of Support Departments and their management teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks;
- The Governing Body requires the Audit Committee to undertake a quarterly assessment of significant risks through a snapshot assessment. The assessment is recorded through the corporate risk register and is part of the ongoing process of risk management. The risk register identifies significant risks and contains details of:
  - the nature of the risk
  - its potential impact
  - the likelihood of the risk crystallising
  - the 'owner' of the risk
  - the control processes which manage the risk
  - any independent assessment of those control processes – internal audit, QAA, external reviews
- The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk and;
- The Audit Committee of the Board of Governors regularly reviews the adequacy of the process of risk management at the University as it continues to be developed.











The Board is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2015 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

### Summary of the University's Structure of Corporate Governance

The University's Board of Governors comprises of members appointed in accordance with the Instrument of Government of the University, the majority of whom are lay independent members with relevant experience in business and the professions. The roles of the Chairman and Deputy Chairman of the Board are separated from the role of the University's Chief Executive and the Vice-Chancellor. Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the University. The Board holds to itself the responsibilities for the ongoing strategic direction of the University, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets four times a year and has three standing Committees (Finance and Resources, Human Resources and Audit). In addition, a Nominations Committee makes recommendations to the Board on membership and a Remuneration Committee on the remuneration of senior management.

The University holds open question and answer sessions between the Chairman and Vice-Chancellor and members of staff during the year and presents its annual report at a meeting to which Governors, staff and a range of external stakeholders are invited.

The Finance and Resources Committee develops and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets, reviews and reports to the Board on the annual financial statements and receives regular reports on budgetary performance. In addition the Finance & Resources Committee approves the Financial Regulations, keeps under review financial operating procedures, approves regulations for and monitors the investment of surplus funds and borrowing requirements and approves expenditure above the limits of delegations specified in the Financial Regulations.

The Audit Committee reviews the process for ensuring the effectiveness of the financial and other (non-academic) internal control systems. In doing this the Audit Committee makes recommendations on the appointment of internal audit, reviews their reports, including follow up reports on implementation and the scope and effectiveness of their work. The Audit Committee also makes recommendations on the appointment of external audit and reviews the financial statements of the University, incorporating any subsidiaries, after review by the Finance and Resources Committee and prior to submission to the Board of Governors, reviews the management letter, and receives and considers progress reports on areas of significant risk identified by the risk management group. In addition the Audit Committee receives and considers reports from the Higher Education Funding Council for Wales including the Council's Audit Service, as they affect the University's business and monitors adherence with regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

### Committee of University Chairs Governance Code of Practice

This code is voluntary and is intended to reflect good practice in a sector which comprises a large number of very diverse institutions. The University has had regard to the Code but its practice is not consistent with the following provisions of the Code:

1. The Board does not currently compare University performance against the Key Performance Indicator's (KPIs) of other institutions. The University does benchmark institutional performance against the performance of other comparable institutions but it is difficult to obtain the KPIs of other HEI's and even more difficult to understand another HEI's KPIs out of context.
2. The Board does not currently publish the institution's performance against Critical Performance Indicators (CPIs). It does however, record and publish in its minutes, the Board's consideration of performance against CPIs.
3. The Board received a report on the effectiveness of Academic Board during the year. The Board noted the ways in which the effectiveness of Academic Board had been monitored and improved.

# Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988 (as amended), the Board of Governors of the University of South Wales is responsible for the administration and management of the affairs of the University Group, including ensuring an effective system of internal control and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988 (as amended), the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (SORP) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum between the Higher Education Funding Council for Wales and the Board of the University, the Board, through its designated office holder, is required to prepare financial statements which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board has taken reasonable steps to:

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

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

- a planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, the overall budget being approved by the Board of Governors;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure;
- comprehensive Financial Regulations, detailing policies, financial controls and procedures;
- a Remuneration Committee which makes recommendations to the Board of Governors on the remuneration of senior management;
- Internal Audit team whose annual programme is approved and monitored by the Audit Committee;
- External Audit reporting to the Board of Governors annually

Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.





# Independent auditors' report to the Governing Body of the University of South Wales (the "institution")

## Report on the financial statements

### Our opinion

In our opinion, the University of South Wales's group financial statements and parent institution financial statements (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 2015, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

### What we have audited

The financial statements comprise:

- the University and Consolidated Balance Sheets as at 31 July 2015;
- the Consolidated Income and Expenditure Account for the year then ended;
- the Consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

## Opinions 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:

- funds 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.

## Other matters on which we are required to report by exception

### Sufficiency of accounting records and information and explanations received

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

- 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 no exceptions to report arising from this responsibility.

### Other information in the Annual Report

Under the Charities Act 2011 we are required 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. We have no exceptions to report arising from this responsibility.

### Internal control

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required 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. We have no exceptions to report arising from this responsibility.



## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Governing Body

As explained more fully in the Responsibilities of the Board of Governors, the Governing Body (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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 section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (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.

### What an audit of the financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 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.

We primarily focus our work in these areas by assessing the Governing Body judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

17 December 2015

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, Cardiff

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

(a) The maintenance and integrity of University of South Wales website is the responsibility of the directors; 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 the financial statements may differ from legislation in other jurisdictions.

## Consolidated Income and Expenditure Account

Income	Notes	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Funding Body Grants	2	35,419	45,037
Tuition Fees and Education Contracts	3	121,682	108,987
Research Grants and Contracts	4	15,102	17,025
Other Operating Income	5	23,867	24,228
Endowment and investment Income	6	871	626
<b>Total Income</b>		<b>196,941</b>	<b>195,903</b>
<b>Expenditure</b>			
Staff Costs	8	(109,304)	(109,650)
Other Operating Expenses	10	(63,013)	(60,510)
Depreciation	13	(12,259)	(13,690)
Interest and other finance costs	9	(3,283)	(4,470)
<b>Total Expenditure</b>		<b>(187,859)</b>	<b>(188,320)</b>
<b>Surplus before loss on disposal of tangible fixed assets</b>		<b>9,082</b>	<b>7,583</b>
Gain/(Loss) on disposal of fixed assets	7	3	(223)
<b>Surplus after disposal of fixed assets before exceptional items: continuing operations</b>		<b>9,085</b>	<b>7,360</b>
Exceptional items: Continuing operations	11	(12,524)	(827)
<b>(Deficit)/Surplus on continuing operations after depreciation of assets</b>		<b>(3,439)</b>	<b>6,533</b>
Taxation	12	-	-
<b>(Deficit)/Surplus on continuing operations after Depreciation of Assets and Tax</b>		<b>(3,439)</b>	<b>6,533</b>
Transferred to accumulated income in endowment funds	22	(3)	(5)
<b>(Deficit)/Surplus for the year retained within General reserves</b>		<b>(3,442)</b>	<b>6,528</b>

## Statement of Group Historical Cost Surpluses and Deficits

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
(Deficit)/Surplus on continuing operations	(3,439)	6,533
Difference Between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	10,074	438
<b>Historical Cost Surplus after Tax</b>	<b>6,635</b>	<b>6,971</b>

Of the consolidated deficit £4,009,000 (2014, £5,105,000) has been dealt with in the Financial Statements and Annual Review of the University. The consolidated income and expenditure of the University and its subsidiaries relate to continuing operations.



## Consolidated Statement of Total Recognised Gains and Losses

	Notes	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
(Deficit)/Surplus on continuing operations after Depreciation of Assets at valuation and Disposal of Assets and Tax		(3,439)	6,533
Appreciation/(Depreciation) of Endowment Asset Investments	22	46	(30)
New Endowments	22	179	-
Actuarial (Loss)/Gain in respect of Pension Schemes	26	(13,670)	2,590
<b>Total Recognised (Losses)/Gains relating to the year</b>		<b>(16,884)</b>	<b>9,093</b>
<b>Reconciliation of reserves and endowments</b>			
Opening reserves and endowments		81,531	72,438
Total recognised (losses)/gains relating to the year		(16,884)	9,093
<b>Closing reserves and endowments</b>		<b>64,647</b>	<b>81,531</b>

*The notes on pages 36-59 form part of the Financial Statements.*

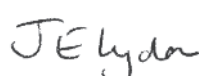
# University and Consolidated Balance Sheets

	Notes	31 July 2015		31 July 2014	
		University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
<b>Fixed Assets</b>					
Tangible	13	179,470	237,487	192,052	251,870
Investments	14	2,256	-	2,256	-
		<b>181,726</b>	<b>237,487</b>	<b>194,308</b>	<b>251,870</b>
<b>Endowment Assets</b>	15	362	1,602	326	1,374
<b>Current Assets</b>					
Stocks		65	219	62	290
Debtors	16	17,297	16,829	18,019	16,436
Investments		67,631	74,343	61,428	66,061
Cash at bank and in hand		8,166	13,171	4,334	12,201
		<b>93,159</b>	<b>104,562</b>	<b>83,843</b>	<b>94,988</b>
<b>Creditors - Amounts falling due within one year</b>	17	(43,219)	(49,948)	(43,241)	(50,068)
<b>Net Current Assets</b>		<b>49,940</b>	<b>54,614</b>	<b>40,602</b>	<b>44,920</b>
<b>Total Assets Less Current Liabilities</b>		<b>232,028</b>	<b>293,703</b>	<b>235,236</b>	<b>298,164</b>
<b>Creditors - Amounts falling due after more than one year</b>	18	(60,299)	(70,713)	(60,140)	(70,681)
<b>Provisions for Liabilities and Charges</b>	19	(11,827)	(12,987)	(10,209)	(11,243)
<b>Net Assets excluding Pension Liability</b>		<b>159,902</b>	<b>210,003</b>	<b>164,887</b>	<b>216,240</b>
<b>Net Pension Liability</b>	26	(81,090)	(89,000)	(68,040)	(74,540)
<b>Net Assets including Pension Liability</b>		<b>78,812</b>	<b>121,003</b>	<b>96,847</b>	<b>141,700</b>
<b>Deferred Capital Grants</b>	20	16,235	56,356	17,857	60,169
<b>Endowment Funds</b>	22	362	1,602	326	1,374
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	127,883	135,899	120,606	127,765
Pension Reserve	21	(81,090)	(89,000)	(68,040)	(74,540)
Income and expenditure account including pension reserve		<b>46,793</b>	<b>46,899</b>	<b>52,566</b>	<b>53,225</b>
Capital Reserves	21	13,398	13,398	14,110	14,110
Revaluation Reserve	21	2,024	2,748	11,988	12,822
<b>Total Funds</b>		<b>78,812</b>	<b>121,003</b>	<b>96,847</b>	<b>141,700</b>

The Financial Statements on pages 32 to 59 were approved by the Board of Governors on 17 December 2015 and signed on its behalf by:



Chairman of the Board of Governors



The Vice-Chancellor



# Consolidated Cashflow Statement

	Notes	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
<b>Net Cash Inflow From Operating Activities</b>	23	21,521	27,346
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received		871	626
Interest Paid		(3,703)	(3,840)
<b>Net Cash Outflow From Returns on Investments and Servicing of Finance</b>		(2,832)	(3,214)
<b>Capital Expenditure and Financial Investment</b>			
Endowments Received		189	-
Purchase of Endowment Assets		(386)	(57)
Proceeds from Sale of Endowment Assets		264	61
Purchase of Tangible Fixed Assets		(10,627)	(14,939)
Proceeds from Sale of Tangible Assets		138	-
Deferred Capital Grants Received		735	3,512
<b>Net Cash Outflow for capital expenditure and financial investment</b>		(9,687)	(11,423)
<b>Cash inflow before management of liquid resources</b>		9,002	12,709
<b>Management of Liquid Resources</b>			
Cash transferred to Investments	24	(8,282)	(7,726)
<b>Financing</b>			
HEFCW Loan Received		2,600	-
Bank Loans Repaid	24	(2,368)	(2,492)
<b>Net Cash Outflow From Financing</b>		(232)	(2,492)
<b>Increase in Cash</b>		952	2,491

*The notes on pages 36-59 form part of the Financial Statements.*

# Notes To The Financial Statements

## 1. Statement of Accounting Policies

### (a) Basis of preparation

These financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards in the United Kingdom. The financial statements have also been prepared on the historical cost basis of accounting as modified by the revaluation of certain land & buildings and endowment asset investments in accordance with applicable accounting standards. The principle accounting policies has been applied consistently except as where described otherwise, and are set out below.

### (b) Basis of Consolidation

The consolidated income and expenditure account and balance sheet include the financial statements of the University and its subsidiary companies, which have been made up to 31 July 2015. The results and assets and liabilities of the University of South Wales Students Union are not consolidated on the basis that the University has no control or significant influence over its policy decisions. All intragroup transactions have been eliminated on consolidation. The University has taken the exemption from presenting its own income and expenditure account.

### (c) Income Recognition

Funding council block grants are accounted for in the year to which they relate. Fee income is stated gross and credited to the income and expenditure account where the right to consideration exists and contractual performance has taken place. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised in deferred income on the balance sheet as liabilities. Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants and donations received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

### (d) Agency arrangements

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

### (e) Taxation

The University is a charity registered with the Charity Commission, number 1140312. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 – 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of the Value Added Tax.

Provision for taxation is made as appropriate in respect of the University's subsidiary company operations.



## 1. Statement of Accounting Policies (continued)

### (f) Pension Schemes

The University participates in three principal defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS), the Rhondda Cynon Taff County Borough Council (RCTPF), and the Universities' Superannuation Scheme (USS). The assets of all schemes are held separately from those of the University.

USS and TSS - It is not possible to identify each institution's share of the underlying assets and liabilities in relation to the USS or the TSS Scheme and hence, contributions to the scheme are accounted for as if these were defined contribution schemes, the cost recognised within the result for the year in the income and expenditure account being equal to the contributions payable to the schemes for the year.

RCTPF - The assets of the RCTPF are measured using closing market values. RCTPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employees service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### (g) Accounting for research and development

Expenditure on pure and applied research is written off to the Income and Expenditure account as a part of the continuing activities of the Institution

### (h) Operating Leases

Operating Lease costs are charged to the income and expenditure account on a straight line basis over the lease term.

### (i) Fixed Assets

Operating Lease costs are charged to the income and expenditure account on a straight line basis over the lease term.

- (i) Tangible Fixed Assets are stated at cost or valuation less accumulated depreciation.
- (ii) The freehold interest in land and buildings is included in the balance sheet at cost or valuation. Under FRS 15 the University has adopted the policy to freeze valuations at opening values as at 31 July 1998 without further revaluation and to treat this as the base point for future depreciation. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation. Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets. Assets under course of construction are not depreciated.  
Other tangible fixed assets are capitalised where their cost is not less than £5,000.

(iii) Costs include the original purchase price of the assets and the cost attributable to bringing to its present location and condition.

(iv) Assets are depreciated over their estimated useful lives as follows:

Freehold Land	not depreciated
Freehold Buildings	up to 50 years
Computer Equipment	3 to 4 years
Fixtures and Fittings	3 to 25 years
Vehicles	3 to 5 years
Other	3 to 40 years

(v) A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable, in accordance with FRS 11.

(vi) Investments are included at market value or, where there is a specific maturity value, at cost plus accrued interest. They are disclosed as fixed assets where it is certain they will not be realised within the next year or where the period to maturity exceeds one year.

### (j) Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants, and are released to the profit and loss account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### (k) Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment. The University has adopted Financial Instruments: Recognition and Measurement (FRS26) and as a result, current asset investments are valued at market value through the income and expenditure statement.

### (l) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

### (m) Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

## 1. Statement of Accounting Policies (continued)

### (n) Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### (o) Provisions

Provisions are established and the associated costs are charged to the Income and Expenditure account when the University has a legal or constructive obligation to make a payment in the future and the obligation can be reasonably estimated.

### Accounting for charitable donations

### (p) Unrestricted donations

Charitable donations are recognised in the financial statements when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and its value can be measured with sufficient reliability.

### (q) Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the institution can convert the donated sum into income.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## Financial risk management

The group's activities expose it to a variety of financial risks. The main financial risks have been detailed below:

### Credit and Counterparty risk

Credit and counterparty risk is the risk of failure of a third party to meet its contractual obligations under an investment, loan or other commitment, especially one due to deterioration in its creditworthiness, which causes the University an unexpected burden on its capital or revenue resources.

The risk is minimised through the investment strategy and more specifically by the defined counterparty lending criteria. This sets out the criteria by which potential counterparties' creditworthiness is judged. They take account of counterparty ratings by the three major credit rating agencies, Fitch; S&P and Moody's with the minimum credit rating criteria to be met by at least two of the three agencies. Limits are set on the amount which can be invested with each financial institution based on these ratings.

### Market risk

The University seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

### Interest rate risk

The University is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. To mitigate against movements in interest rates, all external borrowing has been fixed and investments are kept short enough to take advantage of any increase in rates.

### Liquidity/Refinancing risk

The University prudently manages liquidity risk by maintaining sufficient cash and having the ability to close out invested funds in a timely manner. Cash flow forecasting is performed to ensure that the University has sufficient cash to meet operational needs. Surplus cash above what is required for working capital requirements is invested in interest bearing accounts and corporate bonds with appropriate maturities or sufficient liquidity to meet cash flow requirements

### Foreign Exchange risk

Bank accounts are held denominated in Sterling and Euros. Invoices are paid in a variety of currencies and therefore there is some exposure to fluctuations in exchange rates. By holding Euro denominated accounts exchange rate risk can be minimised. Payments made in Euros are converted at the point of raising the invoice for accounting purposes and any realised or unrealised gains recorded at year end.



## 2. Funding Body Grants

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
<b>HEFCW Recurrent Grants</b>		
Teaching	12,893	24,051
Research	2,054	1,934
<b>Non-formula funding</b>	-	6
<b>HEFCW Specific Grants</b>		
Academic Infrastructure	138	415
Other	7,013	3,950
<b>DCELLS Grants</b>	10,275	10,821
<b>Release of Funding Council Deferred Capital Grants</b>		
Buildings, Fixtures and Fittings (Note 20)	1,845	2,099
Equipment (Note 20)	1,201	1,761
<b>Total</b>	<b>35,419</b>	<b>45,037</b>

**3. Tuition Fees and Education Contracts**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Full-time Students (UK and EU)	97,325	84,804
Full-time Students (Non-EU)	15,099	14,786
Part-time Students	8,039	7,942
<b>Total fees paid by or on behalf of individual students</b>	<b>120,463</b>	<b>107,532</b>
Education Contracts	1,219	1,455
<b>Total</b>	<b>121,682</b>	<b>108,987</b>

**4. Research Grants and Contracts**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Research Councils	579	622
UK based Charities	493	226
European Commission	7,405	9,216
Other Grants and Contracts	6,625	6,961
<b>Total</b>	<b>15,102</b>	<b>17,025</b>

**5. Other Operating Income**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Residences, Catering and Conferences	10,133	10,128
Consulting, Training and Commercial Activities	5,233	5,402
Release from Other Deferred Capital Grant (Note 20)	564	666
Other Income	7,937	8,032
<b>Total</b>	<b>23,867</b>	<b>24,228</b>

**6. Endowment Income and Investment Income**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Income from Short Term Investments	818	585
Income from Permanent Endowments (note 22)	53	41
<b>Total</b>	<b>871</b>	<b>626</b>

**7. Gain/(Loss) on Disposal of Tangible Fixed Assets**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Disposal of Tangible Fixed Assets	3	(223)
<b>Total</b>	<b>3</b>	<b>(223)</b>



## 8. Staff Costs

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Wages and Salaries	88,733	89,134
Social Security Costs	7,259	7,257
Other Pension Costs (including FRS17 charges)	13,312	13,259
<b>Total pre-exceptional item</b>	<b>109,304</b>	<b>109,650</b>
Exceptional Item (note 11)	1,240	827
<b>Total</b>	<b>110,544</b>	<b>110,477</b>

## Emoluments of the Vice-Chancellor

Vice-Chancellor	222	191
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The emoluments are shown excluding employer's pension contributions.  
The University's pension contributions amounted to £nil (2014, £13,399).

The Vice-Chancellor's salary was last increased by the Board of Governors in 2010. This section should be read in conjunction with the note on page 13, which explains the Board's decision in 2015 to restore the Vice-Chancellor's salary to a level broadly equivalent to that of the heads of comparable universities across the UK.

Remuneration of other Higher Paid Staff, including employer's pension contributions (excluding loss of office):

	Number	Number
£100,000 - £109,999	4	4
£110,000 - £119,999	-	3
£120,000 - £129,999	1	-
£130,000 - £139,999	1	2
£140,000 - £149,999	2	-
£150,000 - £159,999	1	-
£160,000 - £169,999	-	-
£170,000 - £179,999	-	-

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
<b>Compensation for loss of office payable to a senior post-holder</b>		
Compensation payable	-	109

Average monthly full time equivalent staff numbers by major category:

	Number	Number
Academic Departments	1,155	1,276
Academic Support Services	380	411
Other Support Services	191	174
Residences, Catering and Conferences	91	103
Premises	110	116
Administration and Central Services	224	188
Consulting, Training and Commercial Activities	33	38
Other	25	55
<b>Total</b>	<b>2,209</b>	<b>2,361</b>

**9. Interest and other finance costs**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Bank interest payable	3,703	3,840
Net interest (credit)/cost on pension scheme assets & liabilities (Note 26)	(420)	630
<b>Total</b>	<b>3,283</b>	<b>4,470</b>

**10. Analysis of Expenditure by Activity**

	Staff Costs £'000s	Dep'n £'000s	Other Operating Expenses £'000s	Interest Payable £'000s	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Academic Departments	58,086	1,542	9,977	-	69,605	71,847
Academic Services	12,083	510	6,376	-	18,969	14,331
Research Grants and Contracts	9,696	-	7,841	-	17,537	19,243
Other Support Services	9,420	63	6,622	-	16,105	16,310
Residences, Catering and Conferences	2,519	38	4,593	1,131	8,281	7,585
Premises	3,768	9,160	12,964	2,572	28,464	29,867
Administration	10,336	54	5,955	-	16,345	18,988
Consulting, Training & Commercial Activities	641	-	4,917	-	5,558	4,621
Other Expenses	2,755	892	3,768	(420)	6,995	5,528
<b>Total per Income and Expenditure Account</b>	<b>109,304</b>	<b>12,259</b>	<b>63,013</b>	<b>3,283</b>	<b>187,859</b>	<b>188,320</b>

<b>Other operating expenses included</b>	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Audit fees payable to the University's external auditors for University main Audit	52	51
Audit fees payable to the University's external auditors for the audit of subsidiaries	31	26
Other Audit fees payable to the University's external auditors	67	67
Operating lease rentals	496	634

**11. Exceptional items: Continuing Operations**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
HEFCW Grant Income recognised in year	-	2,369
Redundancy costs	(840)	-
Pension costs	(400)	(152)
Branding & Signage	-	(1,291)
IT & Telecommunication	-	(869)
Other	-	(884)
Impairment of Fixed Assets	(11,284)	-
<b>Total</b>	<b>(12,524)</b>	<b>(827)</b>

Exceptional items have been recognised in the financial statements relating to the impairment and restructuring provision associated with the Caerleon campus. This follows the decision to concentrate the University's presence in Newport, in the city centre and close the Caerleon campus at the end of the 2015/16 academic year.

**12. Taxation**

The University is not subject to tax due to its charitable status.



### 13. Fixed Assets – Tangible

	Land & Buildings £'000s	Fixtures & Fittings £'000s	Plant & Machinery £'000s	Assets under Construction £'000s	Total £'000s
<b>(a)University</b>					
<b>Cost/Valuation</b>					
At 1 August 2014	237,104	16,592	26,265	3,517	283,478
Additions	-	95	883	8,155	9,133
Transfers	9,370	261	396	(10,027)	-
Disposals	(155)	(441)	(588)	-	(1,184)
Impairment	(2,850)	-	-	-	(2,850)
Balance at 31 July 2015	243,469	16,507	26,956	1,645	288,577
<b>Accumulated Depreciation</b>					
At 1 August 2014	57,689	10,141	23,596	-	91,426
Charge for year	7,015	1,160	1,190	-	9,365
Disposals	(73)	(400)	(581)	-	(1,054)
Impairment	8,938	423	9	-	9,370
Balance at 31 July 2015	73,569	11,324	24,214	-	109,107
<b>Net Book Amount at 31 July 2015</b>	<b>169,900</b>	<b>5,183</b>	<b>2,742</b>	<b>1,645</b>	<b>179,470</b>
Net Book Amount at 31 July 2014	179,415	6,451	2,669	3,517	192,052

Cumulative interest capitalised in relation to the cost of assets in the course of construction amounted to £2,300,000 (2014, £2,300,000). Interest capitalised in the year amounted to £nil (2014, £nil).

#### Freehold Land and Buildings

Land and Buildings were revalued at 31 July 1998 and this valuation is reflected in the opening balance figures. All other fixed assets including land and building additions since 31 July 1998 are shown at cost. Under FRS 15 the University has elected to freeze valuations at their opening values, without further revaluation and to treat this as the base point for future depreciation.

As a result of the Education Reform Act 1988, the freehold interest in land and buildings occupied by the University, and the title to other assets, were formally transferred to the University at the date of incorporation. The land and buildings at 31 July 1998 are included in the balance sheet at valuation at that date. The valuation was undertaken by Messrs Cooke & Arkwright, Chartered Surveyors. The basis of valuation was depreciated replacement cost, other than for local domestic premises the University acquired and converted to office space, where open market valuation was used.

#### “Exchequer Funded”

Included in Land and Buildings are certain Exchequer Funded assets. Under the terms of the Financial Memorandum between the Higher Education Funding Council for Wales and the University, net proceeds from the disposal of Exchequer Funded assets are subject to a lien which may require the net proceeds, or part thereof, to be remitted to the Higher Education Funding Council for Wales.

**13. Fixed Assets – Tangible (continued)**

	Land & Buildings £'000s	Fixtures & Fittings £'000s	Plant & Machinery £'000s	Assets under Construction £'000s	Total £'000s
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**(b) Consolidated****Cost/Valuation**

At 1 August 2014	303,781	24,789	33,341	5,586	367,497
Additions	766	362	1,344	8,155	10,627
Transfer	11,438	(3,643)	4,301	(12,096)	-
Disposals	(8,418)	(1,183)	(2,339)	-	(11,940)
Impairment	(2,850)	-	-	-	(2,850)
Balance at 31 July 2015	304,717	20,325	36,647	1,645	363,334

**Accumulated Depreciation**

At 1 August 2014	72,345	12,359	30,923	-	115,627
Charge for year	8,104	1,665	2,490	-	12,259
Transfer	(113)	84	29	-	-
Disposals	(7,939)	(1,142)	(2,328)	-	(11,409)
Impairment	8,938	423	9	-	9,370
Balance at 31 July 2015	81,335	13,389	31,123	-	125,847

<b>Net Book Amount at 31 July 2015</b>	<b>223,382</b>	<b>6,936</b>	<b>5,524</b>	<b>1,645</b>	<b>237,487</b>
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Net Book Amount at 31 July 2014	231,436	12,430	2,418	5,586	251,870
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Cumulative interest capitalised in relation to the cost of assets in the course of construction amounted to £2,994,000 (2014, £2,994,000).

Interest capitalised in the year amounted to £nil (2014, £nil).

**Freehold Land and Buildings**

Land and buildings were revalued at 31 July 1998 and this valuation is reflected in the opening balance figures. All other fixed assets, including land and building additions since 31 July 1998, are shown at cost. Under FRS15, the group has elected to freeze valuations at their opening values without further revaluation, and to treat this as the base point for future depreciation.

The Land and Buildings at 31 July 1998 are included in the balance sheet at valuation at that date. Valuations were undertaken by Messrs Cooke & Arkwright, Chartered Surveyors, and the District Valuer. The basis of valuation was depreciated replacement cost, other than for local domestic premises the University acquired and converted to office space, where open market valuation was used.



## 14. Fixed Assets – Investments

	USWCS £'000s	UWNE £'000s	MTC £'000s	RWCMD £'000s	Springdoor £'000s	Total £'000s
At 1 August 2014 & 31 July 2015						
Ordinary Shares of £1 each	50	200	2,004	1	1	2,256

MTC and RWCMD provide education within the Higher and Further Education community.  
USWCS Ltd and UWNE Ltd provide Training and Consultancy on behalf of the University.

## 15. Endowment Assets

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
At 1 August	326	1,374	353	1,399
Increase in market values	12	46	9	6
Movement in net current assets	-	9	-	(18)
Purchase of additional investments		386	12	57
Increase/(Decrease) in cash balances	24	51	(35)	(9)
Disposal of investments	-	(264)	(13)	(61)
<b>At 31 July</b>	<b>362</b>	<b>1,602</b>	<b>326</b>	<b>1,374</b>
Represented by:				
Unit trusts & Equities	300	1,430	288	1,262
Cash at bank	62	207	38	156
Creditors	-	(35)	-	(44)
<b>Total</b>	<b>362</b>	<b>1,602</b>	<b>326</b>	<b>1,374</b>

## 16. Debtors

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Trade Debtor	13,286	15,221	14,152	15,465
Amounts owed by group undertakings	2,575	-	3,066	-
Prepayments	1,436	1,608	801	971
<b>Total</b>	<b>17,297</b>	<b>16,829</b>	<b>18,019</b>	<b>16,436</b>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**17. Creditors: amounts falling due within one year**

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Trade Creditors	8,174	11,876	7,132	11,964
Accruals	6,479	8,243	4,742	4,742
Amounts owed to group undertakings	1,039	-	32	-
Deferred Income	21,421	23,004	25,034	26,731
Bank & Other Loans	2,440	2,567	2,367	2,367
Other Creditors	3,666	4,258	3,934	4,264
<b>Total</b>	<b>43,219</b>	<b>49,948</b>	<b>43,241</b>	<b>50,068</b>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**18. Creditors: amounts falling due after more than one year**

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Bank & Other Loans	60,299	70,713	60,140	70,681
<b>Total</b>	<b>60,299</b>	<b>70,713</b>	<b>60,140</b>	<b>70,681</b>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The remaining balance of the Bank & Other Loans will be repaid as follows:

Between one and two years	3,131	3,263	2,441	2,441
Between two and five years	9,865	10,312	7,819	8,702
More than five years	47,303	57,138	49,880	59,538
<b>Total</b>	<b>60,299</b>	<b>70,713</b>	<b>60,140</b>	<b>70,681</b>

**Included within the total balance above are the following unsecured bank loans (excluding other loans)**

	Interest	Terms Years	31 July 2015 £'000s	31 July 2014 £'000s
Lloyds TSB plc	5.200%	20	20,185	21,358
Lloyds TSB plc	5.000%	32	14,285	14,480
Lloyds TSB plc	4.950%	30	4,204	4,312
Lloyds TSB plc	4.995%	33	3,728	3,789
Santander plc	6.250%	25	17,667	18,467
Barclays Bank plc	5.335%	33	6,791	6,791



## 19. Provisions for liabilities

	Pension Enhancements on termination £'000s	Voluntary Severance £'000s	Other Provisions £'000s	Total £'000s
<b>(a) University</b>				
At 1 August 2014	8,064	206	1,939	10,209
Charged to Income & Expenditure account	858	579	816	2,253
Utilised	(635)	-	-	(635)
<b>At 31 July 2015</b>	<b>8,287</b>	<b>785</b>	<b>2,755</b>	<b>11,827</b>
<b>(b) Consolidated</b>				
At 1 August 2014	8,944	206	2,093	11,243
Charged to Income & Expenditure account	1,399	579	941	2,919
Utilised	(1,175)	-	-	(1,175)
<b>At 31 July 2015</b>	<b>9,168</b>	<b>785</b>	<b>3,034</b>	<b>12,987</b>

The Provision is primarily for ongoing costs of Restructuring and relates to an actuarial assessment of the future pension costs that will fall upon the University in respect of those former members of staff who have opted for voluntary early retirement or voluntary redundancy. A provision has also been made to allow for potential claw back of Grants.

**20. Deferred Capital Grants**

	<b>Funding Council £'000s</b>	<b>Other £'000s</b>	<b>Total £'000s</b>
<b>(a) University</b>			
<b>At 1 August 2014</b>			
Buildings and Fixtures and Fittings	4,210	12,966	17,176
Equipment	635	46	681
<b>Total</b>	<b>4,845</b>	<b>13,012</b>	<b>17,857</b>
<b>Amounts Received</b>			
Buildings and Fixtures and Fittings	-	664	664
Equipment	71	-	71
<b>Total</b>	<b>71</b>	<b>664</b>	<b>735</b>
<b>Released to Income and Expenditure</b>			
Buildings and Fixtures and Fittings	(700)	(463)	(1,163)
Equipment	(229)	(27)	(256)
Impairment (Buildings and F&F)	(884)	(1)	(885)
Impairment (Equipment)	(37)	(16)	(53)
<b>Total</b>	<b>(1,850)</b>	<b>(507)</b>	<b>(2,357)</b>
<b>At 31 July 2015</b>			
Buildings and Fixtures and Fittings	2,626	13,166	15,792
Equipment	440	3	443
<b>Total</b>	<b>3,066</b>	<b>13,169</b>	<b>16,235</b>
<b>(b) Consolidated</b>			
<b>At 1 August 2014</b>			
Buildings and Fixtures and Fittings	40,732	17,190	57,922
Equipment	2,201	46	2,247
<b>Total</b>	<b>42,933</b>	<b>17,236</b>	<b>60,169</b>
<b>Amounts Received</b>			
Buildings and Fixtures and Fittings	-	664	664
Equipment	71	-	71
<b>Total</b>	<b>71</b>	<b>664</b>	<b>735</b>
<b>Released to Income and Expenditure</b>			
Buildings and Fixtures and Fittings	(1,845)	(537)	(2,382)
Equipment	(1,201)	(27)	(1,228)
Impairment (Buildings and F&F)	(884)	(1)	(885)
Impairment (Equipment)	(37)	(16)	(53)
<b>Total</b>	<b>(3,967)</b>	<b>(581)</b>	<b>(4,548)</b>
<b>At 31 July 2015</b>			
Buildings and Fixtures and Fittings	38,003	17,316	55,319
Equipment	1,034	3	1,037
<b>Total</b>	<b>39,037</b>	<b>17,319</b>	<b>56,356</b>



## 21. Reserves

	Capital Reserves £'000s	Revaluation Reserve £'000s	Income & Expenditure Reserve £'000s	Pension Reserve £'000s	Total Reserves £'000s
<b>(a) University</b>					
Balance at 1 August 2014	14,110	11,988	120,606	(68,040)	78,664
Transfer (from)/to Capital Reserves: Depreciation on Inherited Assets	(712)	-	712	-	-
Deficit in Year	-	-	(4,009)	-	(4,009)
Transfer to/(from) Pension Reserves	-	-	610	(610)	-
Actuarial Loss	-	-	-	(12,440)	(12,440)
Difference between Historical Cost and Actual Depreciation Charge	-	(9,964)	9,964	-	-
<b>Balance at 31 July 2015</b>	<b>13,398</b>	<b>2,024</b>	<b>127,883</b>	<b>(81,090)</b>	<b>62,215</b>

	Capital Reserves £'000s	Revaluation Reserve £'000s	Income & Expenditure Reserve £'000s	Pension Reserve £'000s	Total Reserves £'000s
<b>(b) Consolidated</b>					
Balance at 1 August 2014	14,110	12,822	127,765	(74,540)	80,157
Transfer (from)/to Capital Reserves: Depreciation on Inherited Assets	(712)	-	712	-	-
Deficit in Year	-	-	(3,442)	-	(3,442)
Transfer to/(from) Pension Reserves	-	-	790	(790)	-
Actuarial Loss	-	-	-	(13,670)	(13,670)
Difference between Historical Cost and Actual Depreciation Charge	-	(10,074)	10,074	-	-
<b>Balance at 31 July 2015</b>	<b>13,398</b>	<b>2,748</b>	<b>135,899</b>	<b>(89,000)</b>	<b>63,045</b>

### (i) Capital Reserves

The Capital Reserves of the University represent the cost of assets transferred from Mid Glamorgan County Council with effect from 1 April 1992, less the inherited liability outstanding at that date and after adjustment for:

- the cost of the net assets transferred to USWCS (USW Commercial Services) Limited on 1 April 1992;
- depreciation since 1 April 1992 of the assets transferred to the University.

### (ii) Revaluation Reserve

The revaluation reserve represents the difference between the valuation of land and buildings at 31 July 1998 and the net book amount, based on cost less accumulated depreciation, at that date. The movement on this reserve represents the release to the Income & Expenditure Reserve of the difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount.

**22. Endowment Funds**

	Unrestricted University	Permanent Consolidated	Restricted University	Permanent Consolidated	2015 Total Permanent Consolidated	2014 Total Permanent Consolidated
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 August 2014	-	581	288	618	1,199	1,229
Capital	-	152	38	23	175	170
Accumulated income	-	733	326	641	1,374	1,399
New Endowments	-	150	39	39	189	-
Investment Income	-	40	-	13	53	41
Expenditure	-	(32)	(15)	(28)	(60)	(36)
	-	8	(15)	(15)	(7)	5
Increase/(Decrease) in market value of investments	-	24	12	22	46	(30)
<b>At 31 July 2015</b>	<b>-</b>	<b>915</b>	<b>362</b>	<b>687</b>	<b>1,602</b>	<b>1,374</b>
Represented by:						
Capital	-	755	300	602	1,357	1,199
Accumulated Income	-	160	62	85	245	175
<b>Total</b>	<b>-</b>	<b>915</b>	<b>362</b>	<b>687</b>	<b>1,602</b>	<b>1,374</b>

**23. Net Cash Flows From Operations**

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
(Deficit)/Surplus for the year Before Tax	(3,439)	6,533
Endowment and Investment Income	(871)	(626)
Interest Payable	3,283	4,470
Pension Cost less Contributions payable	1,210	450
Loss on Disposal and impairment of Tangible Fixed & Endowment Assets	12,217	223
Loss on Write off of Assets under construction	299	313
Release and impairment of Capital Grant	(4,548)	(4,526)
Depreciation	12,259	13,690
(Decrease)/Increase in Stocks and Work in Progress	71	(50)
(Increase)/Decrease in Debtors and Prepayments	(393)	7,785
(Decrease)/Increase in Creditors and Accruals	(311)	258
Increase/(Decrease) in Provisions	1,744	(1,174)
<b>Net Cash Inflow From Operating Activities</b>	<b>21,521</b>	<b>27,346</b>

## 24. Reconciliation of Net Cash Flow to Movement in Net Funds / (Debt)

	Year to 31 July 2015 £'000s	Year to 31 July 2014 £'000s
Increase in Cash in the Year	952	2,491
Cash outflow from liquid resources	8,282	7,726
Loan repayment in year	2,368	2,492
Cash inflow/(outflow) from trust funds	51	(7)
Change in Net Debt	<b>9,053</b>	<b>12,702</b>
Net Funds/(Debt) at 1 August	5,370	(7,332)
<b>Net Funds at 31 July</b>	<b>14,423</b>	<b>5,370</b>

## 25. Analysis of Changes in Net Funds / (Debt)

	At 1 August 2014 £'000s	Cash Flows £'000s	At 31 July 2015 £'000s
Cash at Bank and in Hand	12,201	952	13,153
Short Term Deposits	66,061	8,282	74,343
Trust fund cash at bank	156	51	207
Debt due within one year	(2,367)	(200)	(2,567)
Debt due after one year	(70,681)	(32)	(70,713)
<b>Total</b>	<b>5,370</b>	<b>9,053</b>	<b>14,423</b>

## 26. Pension Commitments

The Group participates in three principal defined benefit pension schemes. Details of the schemes are as follows:

### (a) Teachers' Superannuation Scheme

The Teachers' Superannuation Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2012. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer.

The contribution rate during the year was 16.4%.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the Income and Expenditure account is equal to the contributions payable to the scheme for the year.



## 26. Pension Commitments (continued)

### (b) Rhondda Cynon Taff County Borough Council Pension Fund

#### Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2013.

Under the definitions set out in FRS 17, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2015.

The University employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2015.

#### FRS17

In accordance with the requirements of Financial Reporting Standard 17, the independent consulting actuaries updated the results of the March 2013 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2015.

The major assumptions used by the actuary in this respect were:

	2015 %	2014 %	2013 %
Rate of increase in salaries	3.20	3.20	3.40
Rate of increase in pensions in payment	2.20	2.20	2.50
Discount rate	3.65	4.10	4.50
CPI Inflation assumption	2.20	2.20	2.50
RPI Inflation assumption	3.20	3.20	3.40

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

	2015	2014
<b>Retiring today</b>		
Males	23.0	22.9
Females	25.9	25.8
<b>Retiring in 20 years</b>		
Males	25.2	25.1
Females	28.3	28.2

The University assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 Jul 2015	Value at 31 July 2015 £'000s	Long-term rate of return expected at 31 Jul 2014	Value at 31 July 2014 £'000s	Long-term rate of return expected at 31 Jul 2013	Value at 31 July 2013 £'000s
Equities	6.3%	42,282	7.5%	36,767	7.8%	32,171
Gilts	2.5%	16,913	3.3%	16,178	3.3%	13,611
Bonds	3.5%	23,678	3.5%	16,913	4.0%	16,498
Property	5.3%	35,517	6.8%	33,336	7.3%	30,109
Cash	0.8%	5,412	1.1%	5,393	0.9%	3,711
Other	6.3%	42,282	7.5%	36,767	-	-
		166,084		145,354		96,100

## 26. Pension Commitments (continued)

The Consolidated assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 Jul 2015	Value at 31 July 2015 £'000s	Long-term rate of return expected at 31 Jul 2014	Value at 31 July 2014 £'000s	Long-term rate of return expected at 31 Jul 2013	Value at 31 July 2013 £'000s
Equities	6.3%	46,274	7.5%	40,144	7.8%	35,990
Gilts	2.5%	18,510	3.3%	17,664	3.3%	15,227
Bonds	3.5%	25,913	3.5%	18,466	4.0%	18,457
Property	5.3%	38,870	6.8%	36,398	7.3%	33,683
Cash	0.8%	5,923	1.1%	5,888	0.9%	4,153
Other	6.3%	46,274	7.5%	40,144		
		181,764		158,704		107,510

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the University balance sheet

	31 Jul 2015 £'000s	31 Jul 2014 £'000s	31 Jul 2013 £'000s	31 Jul 2012 £'000s	31 Jul 2011 £'000s
Estimated share of assets	166,084	145,354	96,100	78,210	72,290
Present value of scheme liabilities	(247,174)	(213,394)	(148,060)	(130,010)	(118,250)
Deficit in the scheme – net pension liabilities	(81,090)	(68,040)	(51,960)	(51,800)	(45,960)

Analysis of the amount shown in the Consolidated balance sheet

	31 Jul 2015 £'000s	31 Jul 2014 £'000s	31 Jul 2013 £'000s	31 Jul 2012 £'000s	31 Jul 2011 £'000s
Estimated share of assets	181,764	158,704	107,510	87,070	80,270
Present value of scheme liabilities	(270,764)	(233,244)	(165,170)	(144,600)	(131,140)
Deficit in the scheme – net pension liabilities	(89,000)	(74,540)	(57,660)	(57,530)	(50,870)

## 26. Pension Commitments (continued)

	Consolidated 31 July 2015 £'000s	Consolidated 31 July 2014 £'000s
Analysis of the amount charged to staff costs within the operating surplus		
Current service cost	6,780	6,430
Past service cost	310	560
	<b>7,090</b>	<b>6,990</b>

	Consolidated 31 July 2015 £'000s	Consolidated 31 July 2014 £'000s
Analysis of the amount that is charged to interest payable		
Expected return on pension scheme assets	(10,070)	(9,510)
Interest on pension scheme liabilities	9,650	10,140
Net charge	<b>(420)</b>	<b>630</b>

	Consolidated 31 July 2015 £'000s	Consolidated 31 July 2014 £'000s
Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	9,860	(1,430)
Experience gains and losses arising on scheme liabilities	(23,530)	4,020
Changes in assumptions underlying the present value of the scheme liabilities	-	-
Actuarial gain recognised in STRGL	<b>(13,670)</b>	<b>2,590</b>



## 26. Pension Commitments (continued)

The movement in the University's and Consolidated deficit during the year is made up as follows:

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Deficit on scheme at 1 August	(68,040)	(74,540)	(51,960)	(57,660)
Transfer of GGPF	-	-	(18,390)	(18,390)
Movement in year:				
- current service cost	(5,960)	(6,780)	(5,690)	(6,430)
- past service cost	(310)	(310)	(550)	(560)
- contributions	5,260	5,880	5,950	6,540
- other finance charge	400	420	(600)	(630)
- actuarial gain	(12,440)	(13,670)	3,200	2,590
Deficit on scheme at 31 July	(81,090)	(89,000)	(68,040)	(74,540)

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Analysis of the movement in the present value of the scheme liabilities				
At beginning of the year	213,394	233,244	148,060	165,170
Transfer of GGPF	-	-	58,384	58,384
Current Service Cost	5,960	6,780	5,690	6,430
Past service cost	310	310	550	560
Interest Cost	8,820	9,650	9,350	10,140
Contributions by scheme participants	2,230	2,510	2,130	2,380
Actuarial gains and losses	21,450	23,530	(5,240)	(4,020)
Benefits paid	(4,990)	(5,260)	(5,530)	(5,800)
At end of the year	247,174	270,764	213,394	233,244

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
Analysis of the movement in the market value of the scheme assets				
At beginning of the year	145,354	158,704	96,100	107,510
Transfer of GGPF	-	-	39,994	39,994
Expected rate of return on scheme assets	9,220	10,070	8,750	9,510
Actuarial gains and losses	9,010	9,860	(2,040)	(1,430)
Contributions by scheme participants	2,230	2,510	2,130	2,380
Contributions by the Employer	5,260	5,880	5,950	6,540
Benefits paid	(4,990)	(5,260)	(5,530)	(5,800)
At end of the year	166,084	181,764	145,354	158,704

## 26. Pension Commitments (continued)

The University's experience gains and losses for the years ended 31 July were as follows:

	31 Jul 2015	31 Jul 2014	31 Jul 2013	31 Jul 2012	31 Jul 2011
Difference between the expected and actual return on scheme assets					
Amount £'000s	9,010	(2,040)	10,440	(2,000)	1,570
Percentage of scheme assets	5.4%	(1.4)%	10.9%	(2.6)%	2.2%
Experienced gains and losses on scheme liabilities					
Amount £'000s	(21,450)	5,240	(10,160)	(1,970)	(5,360)
Percentage of present value of scheme liabilities	(8.7)%	2.5%	(6.9)%	(1.5)%	(4.5)%
Total amount recognised in the statement of total recognised gains and losses					
Amount £'000s	(12,440)	3,200	(280)	(4,530)	(6,620)
Percentage of present value of scheme liabilities	(5.0)%	1.5%	(0.2)%	(3.5)%	(5.6)%

The Consolidated experience gains and losses for the years ended 31 July were as follows:

	31 Jul 2015	31 Jul 2014	31 Jul 2013	31 Jul 2012	31 Jul 2011
Difference between the expected and actual return on scheme assets					
Amount £'000s	9,860	(1,430)	11,640	(2,220)	1,790
Percentage of scheme assets	5.4%	(0.9)%	10.8%	(2.5)%	2.2%
Experience gains and losses on scheme liabilities					
Amount £'000s	(23,530)	4,020	(11,250)	(2,360)	(5,030)
Percentage of present value of scheme liabilities	(8.7)%	1.7%	(6.8)%	(1.6)%	(3.8)%
Total amount recognised in the statement of total recognised gains and losses					
Amount £'000s	(13,670)	2,590	(390)	(5,190)	(5,920)
Percentage of present value of scheme liabilities	(5.0)%	1.1%	(0.2)%	(3.6)%	(4.5)%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is £27,940,000 loss (2014 £14,270,000 loss).

The estimate for contributions for the defined benefit scheme for the year ending 31 July 2015 is £5,710,000.

The actual return on scheme assets in the year was £19,920,000 (2014 £8,080,000).

## 26. Pension Commitments (continued)

### (c) Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The amount charged to the Income and Expenditure account is equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2014. This was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

## 27. Capital Commitments

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
At 31 July the University and Group had the following capital commitments:				
Contracted	12,097	12,097	6,490	8,490
<b>Total</b>	<b>12,097</b>	<b>12,097</b>	<b>6,490</b>	<b>8,490</b>

## 28. Lease Obligations

	31 July 2015		31 July 2014	
	University £'000s	Consolidated £'000s	University £'000s	Consolidated £'000s
<b>Operating Leases</b>				
Annual lease payments due within one year in respect of leases expiring:				
Within one year	12	12	33	33
Between two and five years	187	226	6	45
Over five years	-	199	-	180
<b>Total</b>	<b>199</b>	<b>437</b>	<b>39</b>	<b>258</b>



## 29. 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 likely 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. Other than those disclosed elsewhere in the financial statements, no transactions were identified which should be disclosed under FRS 8 Related Party Disclosures.

## 30. Access Funds

	31 July 2015 £'000s	31 July 2014 £'000s
Opening Balance 1st August	30	13
Funding Council Grants	819	899
Contribution	-	-
Interest Earned	849	912
Disbursed to Students	(815)	(866)
Administration	(15)	(16)
<b>Balance Unspent at 31st July</b>	<b>19</b>	<b>30</b>

Funding Council Grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## 31. Big Lottery Fund Grant

	31 July 2015 £'000s	31 July 2014 £'000s
Income	183	179
Expenditure	(183)	(179)
<b>Total</b>	<b>0</b>	<b>0</b>

Big Lottery Fund Grant currently funds the Newport Community Counselling Services.

## 32. Interests in Group Undertakings

The University of South Wales has the following wholly owned subsidiary companies, all of which are registered in England and Wales:

Royal Welsh College of Music & Drama Limited  
Merthyr Tydfil College Limited  
USW Commercial Services Limited  
USW Services Limited  
University of Wales, Newport Enterprises Limited  
Allied Aspects Limited\*  
Glamorgan Environmental Research Limited\*  
Springdoor Limited\*  
Glamorgan Accommodation III Limited\*  
All Wales Business School Limited\*  
E College Wales Limited\*  
Enterprise College Wales Limited\*  
Glamorgan Online Limited\*  
Glamorgan Online Productions Limited\*  
Glamorgan Metropolitan Limited\*  
Cardiff Metropolitan Limited\*  
Cardiff/Glamorgan Metropolitan Limited\*  
Caerleon and Newport Enterprises Limited (CANE)\*  
USW Enterprises Limited\*  
MC452 Limited\*

\*Denotes dormant company during the year to 31 July 2015.

For further information, contact:

**University of South Wales**  
**Pontypridd | Wales | CF37 1DL**  
**Call: 03455 76 01 01**  
**Visit: [www.southwales.ac.uk](http://www.southwales.ac.uk)**

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