

UNIVERSITY OF WALES: TRINITY SAINT DAVID

Consolidated Financial Statements

31 July 2011

**Mazars LLP
Bristol**

REPORT AND FINANCIAL STATEMENTS 2011

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MEMBERS

Dr Geoffrey Thomas (Chair)

Prof Medwin Hughes (Vice-Chancellor)

The Venerable Randolph Thomas (Vice-Chair)

Ms Maria Jones

Mr Lewis Evans

Mr Anthony Jenkins

Mr Eifion Griffiths

Dr John Walters

Mr Andrew Curl

Mr Gordon Llewellyn

Mr Peter Bosley

The Venerable Dr William Strange

Dr Ann Rhys

Mr Mark James

Mr Michael McGrane

Mrs Virginia Isaac

Professor Cecilia Crighton

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Ms Sally Wilkinson

Mr Cen Powell

Mrs Conny Matera Rogers

Mr Gwyndaf Tobias

Mr Ricky Miller

PROFESSIONAL ADVISERS

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CF10 3PW

BANKERS

Barclays Bank Plc

OPERATING AND FINANCIAL REVIEW

Operating and Financial Review 2010-11

Scope of the Financial Statements

The accounts of University of Wales: Trinity Saint David comprise of the following elements:

University of Wales: Trinity Saint David

Trinity College

Trinity University College Limited

Eclectica Drindod Ltd

Cwmni Creuddyn Cyf.

Legal Status

The University of Wales: Trinity Saint David is incorporated by Royal Charter. The most recent version of its constitution is the Supplemental Charter which was sealed by the Privy Council on 18th November 2010.

The Trinity College Charity incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity.

The Trinity University College Limited the activities of Trinity University College Limited on merger were transferred to University of Wales: Trinity Saint David.

Eclectica Drindod is a private company limited by guarantee with no share capital, initiated to undertake a role that more effectively delivers Third Mission activity for University of Wales: Trinity Saint David.

Cwmni Creuddyn is a dormant company, 100% of the share capital is owned by University of Wales: Trinity Saint David.

Principles Underlying the Operating and Financial Review

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

As a community university, the institution has been acutely aware of its role as a key agent for lifelong learning. The current strategic plan confirms the role of the institution as it develops a range of strategies to support various Welsh Government policies. In doing so, it articulates the core *raison d'être* of the institution as a community University institution, that makes an effective contribution to the economic, social, cultural and spiritual prosperity of Wales. The confidence of the institution in its academic provision and its strategic relevance for Wales is based upon an evolving programme of change, ever refining the purpose and significance of its educational provision. The University's vision is to develop a high quality, distinctive higher education provision. Both teaching and research will be of national significance, attracting students and staff as a result of the acknowledged expertise within subject areas. Programmes at undergraduate and postgraduate level will be responsive to and reflective of current specialist areas of cultural and professional development in West Wales.

Preparation of the financial statements

The financial statements for the year to 31 July 2011 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and the accounts direction issued by the Higher Education Funding Council for Wales.

OPERATING AND FINANCIAL REVIEW

Financial Health

The University of Wales: Trinity Saint David defines itself as an institution with low risk in relation to its financial status. There will be continuing challenges to financial health and the following areas continue to present a challenge to financial sustainability:

- maintaining a sufficient level of surplus to facilitate investment in the University estate, in order to both ensure fitness for purpose and to meet the increasing demands of its clients;
- being pro-active in responding to potential reductions in core funding from HEFCW following the implementation of Fee Plans during 2011;
- responding to the changing context in Wales in terms of the “For Our Future” agenda;
- further diversification of income streams;
- robustly managing increases in pension costs.

Results for the year

The University’s financial performance for the year to 31 July 2011 is summarised as follows:

	2010/11	2009/10
	£’000	£’000
Income	34,452	32,071
Expenditure	(32,633)	(29,986)
Exceptional items	(1,464)	(369)
Transfers	<u>63</u>	<u>(76)</u>
Surplus	<u>418</u>	<u>2,670</u>

It is pleasing to report that the University recorded a surplus for the year retained within General Reserves of £418,000, despite incurring exceptional restructuring costs amounting to £1,464,000 in the year. This continues the trend of strong financial performance experienced in recent years, and is reflective of the University’s financial control environment. This result encompasses all of the University’s activities, other than the Students’ Union which is an independent body.

The results for the year are consistent with management’s expectations and the University’s strategic aims to deliver operational surpluses and an improved cash position to allow further capital investment over the strategic planning cycle.

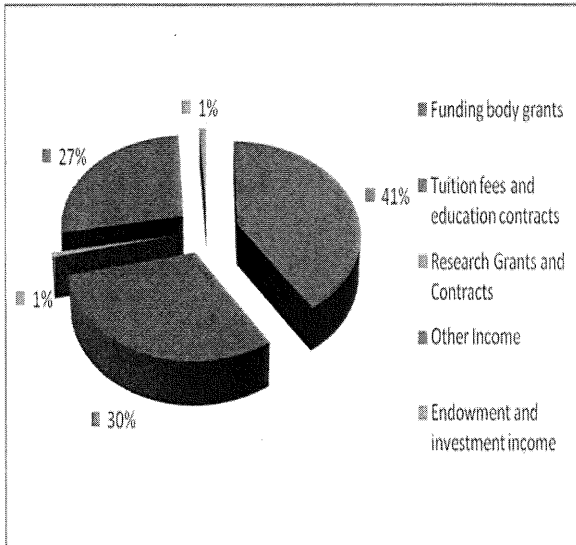
Income

The University’s total income for the year amounted to £34.5 million. Within this sum, income received from the Higher Education Funding Council for Wales amounted to £14.1 million which represented 40.9% of total income for the year.

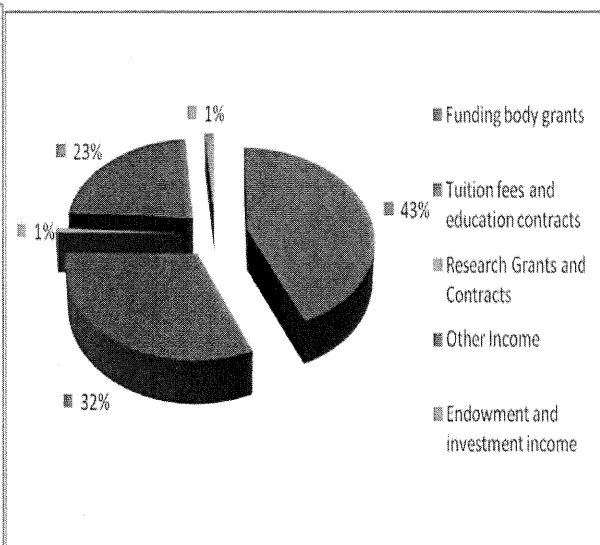
Tuition Fees and Education Contracts income amounted to £10.5 million which represented 30.4% of total income for the year.

OPERATING AND FINANCIAL REVIEW

2011 Income by Category



2010 Income by Category

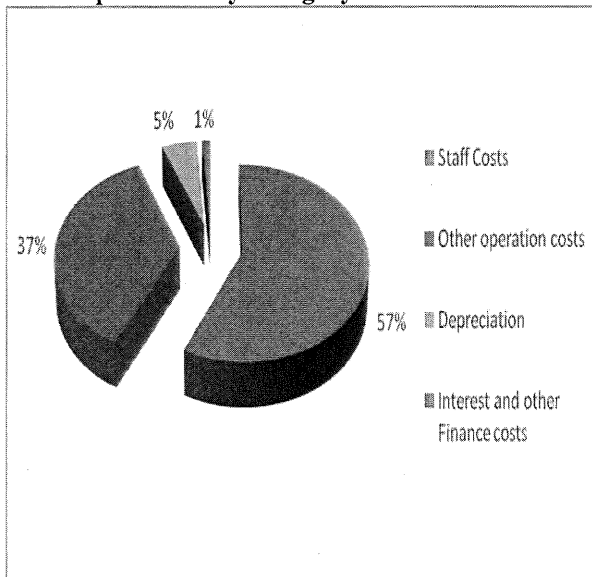


Expenditure

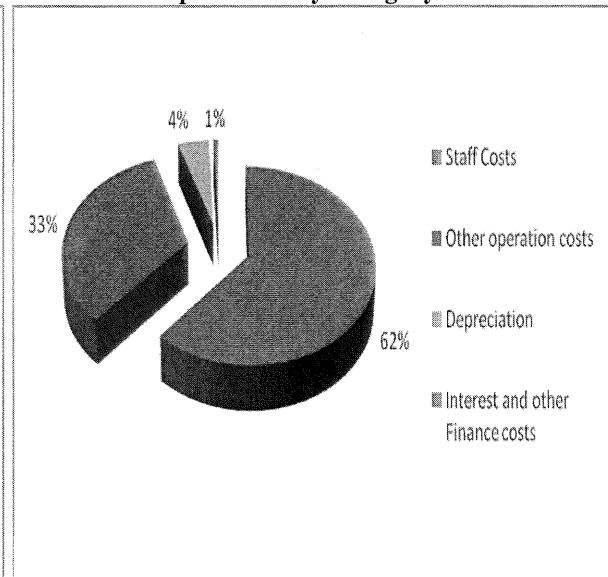
Staffing costs, excluding exceptional items, represented 54.2% of total income for the year (57.3% of total expenditure). The University undertook a fundamental review of its support structures towards the latter end of the 2010/11 financial year in light of known future funding reductions. The result of this review was a reduction in the staffing base through a restructuring programme.

Other operating costs for the year were £11.9 million.

2011 Expenditure by Category



2010 Expenditure by Category



Balance Sheet

The Balance Sheet discloses a net current assets position of £6.5 million as at 31 July 2011. This follows a strong income and expenditure account result for the year with modest capital expenditure from core funds. As a result, the University's cash position remains at a level which is commensurate with the institution's financial strategy.

OPERATING AND FINANCIAL REVIEW

Cash Flow

The University had a net cash inflow from operating activities of £5.0 million and a total cash inflow of £3.4 million.

Treasury Management

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible return while minimising risk. The University's short term deposits are managed by Tradition UK Ltd, the performance of which is monitored by the Finance & Strategic Planning Committee. At 31 July 2011, the University held short term deposits and cash of £19.7 million.

Liquidity

The University's liquidity levels remain acceptable with a current ratio of 1.40 as at 31 July 2011.

The value of endowment asset investments is substantial, at £8.1 million. The market value of the portfolios has increased over the year reflecting a successful year given the difficult period for global equity markets. The University's policy remains one of investment over the long term, having regard to income and capital growth and this policy and the University's performance are kept under review by the Investment Committee.

The level of external borrowing at 31 July 2011 stood at £1.04 million. This is in accord with University policy of reducing indebtedness and not undertaking any capital investment of the estate, unless it can be funded from sources other than external borrowing.

Creditors due within one year amount to £17 million and included £10.6 million grants received in advance. There has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

The FRS17 deficit in the local in-house final salary pension scheme has increased during the year, from £3.6 million to £3.7 million. The increased deficit has principally been driven by a change in financial and demographic assumptions compared to 2010.

The Local Government Pension Scheme, which is administered on behalf of the University by Carmarthenshire County Council, is a final salary pension scheme, the deficit has decreased during the year from £4.6 million to £3.7 million due to net gains of £1.2 million.

Following the implementation of the revised Statement of Recommended Practice in 2007, literary works held by the University totalling a value of approximately £5.7 million are included under tangible fixed assets on the balance sheet. A corresponding entry is held on the balance sheet as a revaluation reserve.

Creation of a new university

On the 18th November 2010 the University received the Charter and Statutes which finalised the merger between the University of Wales, Lampeter and Trinity University College Carmarthen. The legal documents were presented to the Vice-Chancellor by the Ministry of Justice at the Houses of Parliament in London. Her Majesty's Privy Council gave its approval for the merger in August 2010. The Lord Chancellor subsequently applied the Great Seal to the new Charter, which extends the Royal Charter that established the University of Wales Lampeter in 1822.

This is a significant development for the university sector in Wales. The University of Wales: Trinity Saint David is creating exciting opportunities not only for students in Wales but also from the UK, and the rest of the world. It embarked on a journey to transform education in the South West Wales region and with its partners in the Further Education Colleges to create a dual sector university that will transcend education boundaries to form cohesive progression routes from secondary schools and further education colleges into higher education. The creation of the new University presents significant

OPERATING AND FINANCIAL REVIEW

opportunities to engage with key agencies, including employers, to provide opportunities for a greater proportion to achieve higher level skills.

A new Wales university education

During the year the governing body of the University of Wales: Trinity Saint David further agreed unanimously to merge with the University of Wales and Swansea Metropolitan University to create a new national higher education system that will transform the planning and delivery of higher and further education in Wales.

The initiative responds to the Minister of Education's challenge to Universities to "adapt or die" and to deliver irreversible constitutional change and offers a radical new model for the higher education sector in Wales. It is a radical step change which bridges educational boundaries and delivers the Minister's vision of providing a joined up approach to the planning of further and higher education across Wales. The new university will be pioneering and will build upon the dual sector university in South West Wales.

Risk Management / Risk Register

The Statement of Corporate Governance sets out the arrangements that are in place including the ongoing process of identifying, evaluating and managing risks and I am pleased to report that risk management procedures are in place and a risk register has been developed in accordance with best practice.

Public Benefit Statement

In setting and reviewing the University's objectives and activities, University Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included in anticipation of a formal reporting requirement likely to be introduced by The Charity Commission as the principal regulator of Welsh higher education institutions under the Charities Act 2006.

The objects of the University of Wales: Trinity Saint David are in full alignment with its Charter:

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

The University's Mission Statement is:

"excellence in education – delivered with distinction"

The priority aims for the University are to be an institution:

- which delivers high quality higher education and research and contributes to the economic, social and cultural prosperity of its region and the UK more broadly through offering a distinctive and progressive portfolio of strong academic activity;
- which is regarded as a hub for the development of higher level skills and workforce re-skilling within south west and mid-Wales;
- which has a clear international profile as it develops international excellence in research and teaching networks;
- that is committed to the bilingual agenda and
- that celebrates its strong and vibrant academic and cultural heritage

OPERATING AND FINANCIAL REVIEW

Key Activities

Future activities are focused on the following areas:

Achieving excellence in learning & teaching

Providing distinctive, relevant research, learning, and employment led opportunities that are based upon academic excellence

Achieving excellence in research

To be recognised as a research centred university that offers added value across a specific range of subject areas

Providing a high quality student experience

To be recognised as a student centred university that offers high quality educational experiences

Investing in its Staff

Providing an environment where staff are valued and their professional and personal development is supported

Establishing an international profile

Providing a distinctive international character to the University through the establishment of a range of strategic partnerships in the UK and overseas

Developing the Knowledge Economy

To be recognised as a regional university that offers a distinctive range of professional skills that enhances innovation and promotes the knowledge based economy.

Promoting social justice, inclusion and access

To be recognised as a distinctive university that offers relevant opportunities to promote social justice, inclusion and access.

Promoting bilingualism and cultural distinctiveness

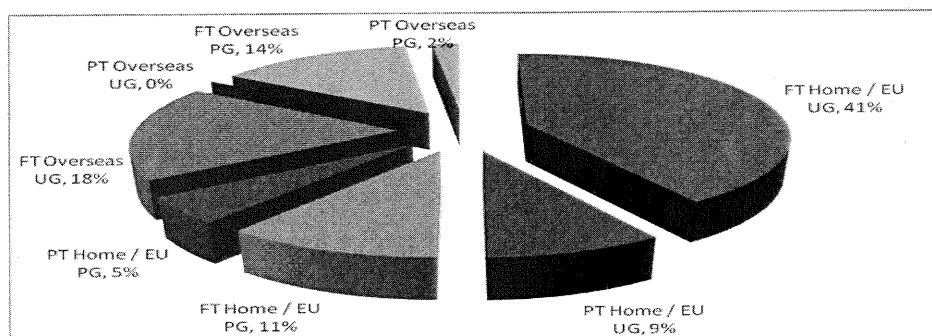
To be recognised as a national university of Wales offering bilingual opportunities to celebrate linguistic and cultural distinctiveness.

Promoting regionalism and institutional sustainability

To establish a regional Higher Education confederation in South West Wales that delivers a sustainable future for the provision of higher education through Trinity Saint David.

Student Admissions and Widening Participation

The University has experienced a growth of 6% in overall student numbers during the year. This growth has mainly been in international recruitment although there was also some growth within full time Home / EU student numbers. International recruitment now represents 34% of overall activity.



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The University is committed to having a student body that is balanced and diverse in terms of background and experience, with all the educational and cultural benefits that this brings. We encourage applications from all those with the motivation and academic ability to thrive at Carmarthen and Lampeter, whatever their background.

Once they are at the University, we are committed to ensuring that all our students benefit from an excellent teaching and learning experience as well as providing opportunities for them to develop as individuals and enhance future employability. We provide a range of student services to ensure student welfare and a successful passage through university life and beyond, including health services, counselling, specialist provision for disabled students, sport and exercise facilities, and careers and financial advice.

Student Achievement

Students continue to prosper at the University. The percentage of graduates (2009/10) in employment or further study within 6 months of graduating from the Carmarthen campus was 94.4%.

Ethical investment and banking policies

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

Equal opportunities

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

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

Environmental sustainability policy

Sustainability needs to be at the heart of how we do business. The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. We have a duty to satisfy ourselves that all our operations and activities are conducted with proper regard to the environment. During the year the University of Wales: Trinity Saint David announced that its new institute for sustainability - INSPIRE (Institute for Sustainable Practice, Innovation and Resource Efficiency) - will be led by Jane Davidson in partnership with Peter Davies (Commissioner for Sustainable Futures in Wales) who is already a Professor of Professional Practice at the University.

INSPIRE will support embedding sustainability within the University's curriculum at all levels as well as engaging with the widest number of organisations to develop sustainable practice across all sectors in Wales and further afield.

OPERATING AND FINANCIAL REVIEW

Tuition Fees

During 2010/11 the University published its Fee plan for 2012/13 with an average full time undergraduate tuition fee of £8557 being announced.

Academy of Voice

Dame Kiri Te Kanawa officially launched the University of Wales: Trinity Saint David International Academy of Voice in June 2011. The Academy, under the directorship of Welsh tenor Dennis O'Neill CBE, one of the world's leading operatic tenors, will provide advanced voice coaching to young professional opera singers from all over the world in the early stages of their careers. The MA Advance Vocal Studies course involves instruction via individual coaching and master classes and all vocal recitals by the Academy's students, and will be open to the public. The new Wales International Academy of Voice is based on developing excellence and it will nurture outstanding early-career opera artists with the aim that they will go on to achieve international success and perform in opera houses around the world.

The University of Wales: Trinity Saint David has developed a reputation for its bilingual education and training within the creative and performing arts. The establishment of the Academy with Dennis O'Neill as director and Dame Kiri Te Kanawa as honorary president attests to our strong commitment to the development of the arts in Wales.

South West Wales Centre of Teacher Education

During July 2011 the University of Wales: Trinity Saint David launched the new South West Wales Centre of Teacher Education in partnership with Swansea Metropolitan University.

The Centre works alongside existing, and new, primary and secondary partnership schools to deliver their programmes and to ensure comprehensive teacher education provision across South West Wales. The partnerships between the two universities, schools and across a variety of agencies, all play a fundamental role in shaping the ways in which high quality teaching is provided.

Conclusion

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

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

The financial challenges of 2010/11 are likely to continue into 2011/12 given the dynamic changes in economic stability and future levels of public sector funding. Significant progress has already been made in developing robust management structures for the new University which will build upon a healthy financial position to meet its future challenges.

Dr. Geoffrey Thomas

Chair of Governing Body

CORPORATE GOVERNANCE

Introduction

The University aspires to high standards of corporate governance. Although the University, as a corporation founded by Royal Charter with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. This summary describes the manner in which the University has applied the principles set out in the Committee of University Chairs Governance Code of Practice published during 2009.

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

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's ongoing risks; that this has been in place for the year ended 31 July 2011 and up to the date of the approval of the annual report and accounts; that it is regularly reviewed by the Council; and that it accords with the internal control guidance for directors on the Combined Code as amended by the British Universities Finance Directors Group.

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

Summary of the University's structure of Corporate Governance

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

The responsibilities of the Council are summarised on page 13. The Council, which meets at least four times a year, exercises its responsibilities through the executive management and several committees. The principal committees which reported to Council during the year 2010/11 are:-

- **Finance & Strategic Planning Committee**
The Finance & Strategic Planning Committee reports to the Council as to the financial affairs of the University and monitors performance in particular with regard to the allocation of funds, budgets, long term forecasts and the Annual Financial Report.
- **Corporate Governance & Nominations**
The Nominations Committee considers nominations for vacancies in the Council membership, Committee membership and lay officers (President, Vice-President and Treasurer).
- **Senior Remuneration**
The Senior Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Professors and Grade VI administrative staff.

CORPORATE GOVERNANCE

- **Audit & Risk Management**

The Audit & Risk Management Committee meets at least three times a year, once with the external auditors to discuss the audit findings and to review the University's financial statements and accounting policies, and at every meeting with the internal auditors to consider the review of internal control systems and to address recommendations for the improvement of such systems.

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

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

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

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

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

Internal Control

The Council is responsible for taking reasonable steps to ensure that there are appropriate financial and management controls in place. The Audit & Risk Management Committee has specific authority delegated by the Council to review internal control matters on its behalf and to report to Council its recommendations on these matters.

The Audit & Risk Management Committee exercises its responsibilities, inter alia, through reviewing the arrangements for internal and external audit as well as receiving reports from the executive management on specific subjects requested by the Committee.

Internal audit undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit & Risk Management Committee which receives their reports and recommendations. The areas for review are determined by their significance to the University's operations and the risks associated with their failure.

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

RESPONSIBILITIES OF THE COUNCIL OF THE INSTITUTION

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Accounts Direction from the Higher Education Funding Council for Wales, the Statement of Recommended Practice on Accounting in Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of a financial memorandum agreed between the Higher Education Funding Council for Wales and the Council of the University of Wales: Trinity Saint David, the Council, through its designated office holder, the Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

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

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

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

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

Professor M Hughes

Vice Chancellor

Dr. Geoffrey Thomas

Chair of Governing Body

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UNIVERSITY OF WALES TRINITY SAINT DAVID**

We have audited the financial statements' of University of Wales: Trinity Saint David for the year ended 31 July 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Respective responsibilities of the Council and auditors

The Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) is set out in the Statement of the Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Council of the Institution in accordance with the Charters and Statutes of the Institution and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education and United Kingdom Generally Accepted Accounting Practice.

We report to you whether 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 whether in our opinion, in all material respects, funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales.

We report to you if, in our opinion, the information given in the Operating and Financial Review is not consistent with those financial statements, if the Institution has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises only the items listed in the contents section of the Operating and Financial Review.

We also review the statement of internal control included as part of the Statement of the Councils Responsibilities and comment if the statement is inconsistent with our knowledge of the Institution. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the Institution's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for Wales. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2011, and of the Institution's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- iii. 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

in all material respects, income has been applied in accordance with the Institution's Statutes and funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales and any other terms and conditions attached to them

Meyer,

Mazars LLP

Chartered Accountants
and Registered Auditors

Bristol

Date: *1 February,*

2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2011

	Note	2011	2010
		£ '000	£ '000
INCOME			
Funding Council Grants	2	14,100	13,977
Tuition fees and education contracts	3	10,468	10,136
Research grants and contracts	4	266	244
Other operating income	5	9,273	7,277
Endowment and investment income	6	345	437
		<hr/>	<hr/>
Total income		34,452	32,071
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	18,687	18,440
Other operating costs	8	11,903	9,992
Depreciation		1,664	1,338
Interest payable	9	379	216
		<hr/>	<hr/>
Total expenditure		32,633	29,986
		<hr/>	<hr/>
Surplus before exceptional items		1,819	2,085
		<hr/>	<hr/>
Exceptional items: continuing operations			
Fundamental restructuring costs	7	(1,464)	(369)
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets and before tax	10	355	1,716
		<hr/>	<hr/>
Realised gain		0	1,030
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		355	2,746
		<hr/>	<hr/>
Surplus/(Deficit) for the year transferred to accumulated income in specific endowments		63	(76)
		<hr/>	<hr/>
Surplus for the year retained in general reserves		418	2,670
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure for the year have been totally derived from the continuing activities of the University.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2011

	2011	2010
	£ '000	£ '000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	355	2,746
Actuarial gain\ (loss) on Pension Scheme	1180	359
Movement in endowment asset investments	332	543
New endowments	52	14
	<u> </u>	<u> </u>
Total recognised gains related to the year	1,919	3,662
	<u> </u>	<u> </u>
RECONCILIATION		
Opening reserves and endowments	17,872	14,210
	<u> </u>	<u> </u>
Total recognised gains losses for the year	1,919	3,662
	<u> </u>	<u> </u>
Closing reserves and endowments	19,791	17,872
	<u> </u>	<u> </u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2011

	Note	Consolidated		University of Wales: Trinity Saint David	
		2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
FIXED ASSETS					
Tangible assets	12	23,454	21,697	12,376	9,657
Heritage Assets	12	5,655	5,655	5,655	5,655
Works of art	13	36	36	0	0
Investments	14	0	0	0	0
		<u>29,145</u>	<u>27,388</u>	<u>18,031</u>	<u>15,312</u>
ENDOWMENT ASSETS	15	<u>8,131</u>	<u>7,530</u>	<u>7,811</u>	<u>7,209</u>
CURRENT ASSETS					
Stocks	16	73	82	73	41
Debtors	17	3,773	5,605	9,376	1,439
Short-term deposits		0	1,322	0	0
Cash at bank and in hand		19,652	15,775	14,150	5,889
		<u>23,498</u>	<u>22,784</u>	<u>23,599</u>	<u>7,369</u>
CREDITORS: amounts falling due within one year	18	<u>(17,016)</u>	<u>(15,322)</u>	<u>(17,119)</u>	<u>(4,491)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>6,482</u>	<u>7,462</u>	<u>6,480</u>	<u>2,878</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		43,758	42,380	32,322	25,400
CREDITORS: amounts falling due after more than one year	19	(606)	(1,016)	(606)	(122)
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(1,808)</u>	<u>(1,547)</u>	<u>(1,669)</u>	<u>(274)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		41,344	39,817	30,047	25,004
Pension Liability		<u>(7,407)</u>	<u>(8,173)</u>	<u>(3,727)</u>	<u>(3,571)</u>
		<u><u>33,937</u></u>	<u><u>31,644</u></u>	<u><u>26,320</u></u>	<u><u>21,433</u></u>

BALANCE SHEETS – CONSOLIDATED AND ENTITY
31 July 2011

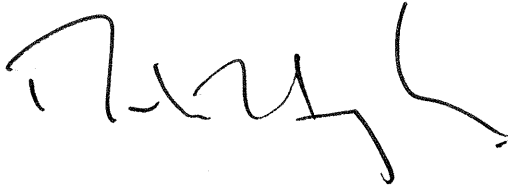
(Continued)

Deferred capital grants	21	8,241	8,117	5,537	4,254
Endowment funds					
Permanent	22	8,131	7,530	7,811	7,209
RESERVES					
Revaluation Reserve		5,655	5,655	5,655	5,655
Income and Expenditure account excluding pension reserve	23	19,317	18,515	11,044	7,886
Pension reserve	23	(7,407)	(8,173)	(3,727)	(3,571)
TOTAL RESERVES		11,910	10,342	7,317	4,315
		33,937	31,644	26,320	21,433

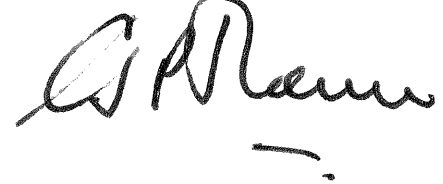
These financial statements were approved and authorised for issue by the governors on

16 December.....2011

Vice Chancellor



Chairman



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2011

	Note	2011 £ '000	2010 £ '000
Net cash inflow from operating activities	24	5,029	10,327
Returns on investments and servicing of finance	25	330	417
Capital expenditure and financial investment	26	(3,011)	(919)
Management of liquid resources	27	1,445	62
Net cash inflow before financing		<u>3,793</u>	<u>9,887</u>
Financing activities	28,30	<u>(430)</u>	<u>(438)</u>
Increase in cash in the year	29,30	<u><u>3,363</u></u>	<u><u>9,449</u></u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2011****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Accounts direction issued by the Higher Education Funding Council; the Statement of Recommended Practice Accounting for Further and Higher Education Institutions, and applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the University, Trinity College Charity, the Foundation, and the subsidiary companies. Intra entity transactions and balances are eliminated fully on consolidation.

The University of Wales: Trinity Saint David was formed on 18 November 2010 following the merger of University of Wales, Lampeter and Trinity University College, Carmarthen. Using merger accounting in accordance with FRS6 the new University adopted the charter of the University of Wales, Lampeter. The comparative figures used for the entity are therefore the 2009/10 figures for University of Wales, Lampeter.

Recognition of income

Funding council block grants are accounted for in the period to which they relate.

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

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 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 received in respect of the acquisition or construction of fixed assets is 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.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

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.

Fixed assets

Land and Buildings are stated at cost, Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

NOTES TO THE ACCOUNTS**Year ended 31 July 2011****Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost represents the invoiced price of stocks.

Depreciation

Depreciation is provided on a straight line basis, so as to write off the cost of fixed assets over the expected useful economic lives of the assets. The specific rates applied are as follows:

i)	Freehold land	nil
ii)	Buildings	2-5%
iii)	Motor Vehicles	25%
iv)	Equipment, fixtures and fittings	10-33 1/3%

Investments

Listed investments held as fixed assets or endowments assets are shown at market value.

Current asset investments are shown at the lower of cost or net realisable value.

Heritage Assets / Works of Art

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

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

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

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the institution, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Pensions

University academic staff are members of the Teachers' Pension Scheme and Universities Superannuation Scheme. The University contributed 14.1% of academic employees' gross pay for TPS and 16% for USS. Employees' own contributions to this scheme are deducted from their salaries and paid over to the fund by the University. Administrative non-academic staff are either members of the Dyfed Pension Fund, the University contributed 15.3% of their gross pay, or UWL Pension & Assurance Scheme for non-academic staff appointed before 12th February 2007, the University contributed 19.45% of their gross pay, or, the

NOTES TO THE ACCOUNTS

Year ended 31 July 2011

Universities Superannuation Scheme. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Pension payments are made by the University to staff who have taken early retirement. Full provision for the expected costs of such payments is made in the year of retirement.

Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Taxation

As an exempt charity, the University benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

Hardship funds

Funding Council grants are available solely for students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

	2011	2010
	£ '000	£ '000
2. FUNDING COUNCIL GRANTS		
HEFCW Recurrent Grants	11,262	11,344
HEFCW Specific Grants	1,895	2,003
Release from Deferred Grants	857	524
FEFCW Recurrent grants	86	106
	<u>14,100</u>	<u>13,977</u>
3. TUITION FEES		
Full Time Students (UK and EU)	7,106	6,585
Full Time Students (Non EU)	2,572	2,642
Part Time Students	790	909
	<u>10,468</u>	<u>10,136</u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	266	244
UK Based Charities	0	0
	<u>266</u>	<u>244</u>
5. OTHER OPERATING INCOME		
Catering and residence operations	4,334	4,117
EU Grants	1,351	303
Other income generating activities	3,555	2,832
Deferred Capital grant released in year- Buildings	33	25
	<u>9,273</u>	<u>7,277</u>
6. INVESTMENT INCOME		
Bank and other interest received	91	51
Income from permanent endowments (note 22)	254	386
	<u>345</u>	<u>437</u>

NOTES TO THE ACCOUNTS**Year ended 31 July 2011****7. STAFF NUMBERS AND COSTS**

	2011	2010
	No.	No.
The average monthly number of persons employed by the University during the year was		
Academic Departments	308	311
Non Academic Departments	381	355
	<u>689</u>	<u>666</u>
	<u><u>689</u></u>	<u><u>666</u></u>
	2011	2010
	£ '000	£ '000
Staff costs for the above persons		
Teaching departments	10,145	9,379
Academic services	1,992	1,572
Administration and central services	5,552	5,644
Premises	1,301	1,019
Catering and residence	1,161	1,195
	<u>20,151</u>	<u>18,809</u>
	<u><u>20,151</u></u>	<u><u>18,809</u></u>
Wages and salaries	16,471	15,447
Social security costs	1,260	1,161
Other pension costs	2,420	2,201
	<u>20,151</u>	<u>18,809</u>
Less: exceptional amount due to restructuring	<u>(1,464)</u>	<u>(369)</u>
	<u><u>18,687</u></u>	<u><u>18,440</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

7. STAFF NUMBERS AND COSTS (continued)

Remuneration of higher paid staff, excluding employer's pension contributions:

	2011	2010
	No.	No.
£100,000 - £109,999	-	-
£110,000 - £119,999	1	2
£120,000 - £129,999	-	-
£130,000 and above	-	-

The emoluments of the Vice Chancellor, who is also the highest paid senior post-holder and not included in the above table, were as follows:

	2011	2010
	£ '000	£ '000
Salary	167	155
Benefits in kind	14	14
	<u>181</u>	<u>169</u>
Pension contributions	<u>26</u>	<u>24</u>

8. OTHER OPERATING COSTS

	2011	2010
	£ '000	£ '000
Teaching departments	1,933	1,645
Academic Services	1,041	513
Administration and central services	5,656	4,853
Premises	1,969	1,474
Catering and residences	1,268	1,473
External auditors remuneration-audit services	36	34
External auditors remuneration-non audit services	0	0
	<u>11,903</u>	<u>9,992</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

9. INTEREST PAYABLE

	2011	2010
	£ '000	£ '000
On bank loans, overdrafts and other loans		
Repayable in more than five years	15	20
Net charge on pension scheme	364	196
	<u>379</u>	<u>216</u>

10. SURPLUS ON CONTINUING OPERATIONS BEFORE TAX

	2011	2010
	£ '000	£ '000
The surplus on continuing operations before tax is after charging		
Depreciation - owned assets	1,664	1,338
Auditors' remuneration		
- external audit	36	34
	<u>36</u>	<u>34</u>

11. TAXATION

The members do not believe the University was liable for any corporation tax arising out of the activities during the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

12. TANGIBLE FIXED ASSETS

Consolidated	Freehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Heritage Assets	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or Valuation					
At 1 August 2010	30,542	10,101	44	5,655	46,342
Additions in the year	2,640	781	0	0	3,421
Disposals in the year	0	0	(8)	0	(8)
	<u>33,182</u>	<u>10,882</u>	<u>36</u>	<u>5,655</u>	<u>49,755</u>
Accumulated depreciation					
At 1 August 2010	10,766	8,183	41	0	18,990
Charge for the year	787	874	3	0	1,664
Removed in the year	0	0	(8)	0	(8)
	<u>11,553</u>	<u>9,057</u>	<u>36</u>	<u>0</u>	<u>20,646</u>
Net book value					
At 31 July 2011	<u>21,629</u>	<u>1,825</u>	<u>0</u>	<u>5,655</u>	<u>29,109</u>
At 31 July 2010	<u>19,776</u>	<u>1,918</u>	<u>3</u>	<u>5,655</u>	<u>27,352</u>
University of Wales: Trinity Saint David					
Cost or Valuation					
At 1 August 2010	14,550	6,059	0	5,655	26,264
Additions in the year	739	691	0	0	1,430
Disposals in the year	0	0	(8)	0	(8)
Transfers on merger	2,683	3,278	44	0	6,005
	<u>17,972</u>	<u>10,028</u>	<u>36</u>	<u>5,655</u>	<u>33,691</u>
Accumulated depreciation					
At 1 August 2010	6,319	4,633	0	0	10,952
Charge for the year	488	823	3	0	1,314
Removed in the year	0	0	(8)	0	(8)
Transfers on merger	571	2,790	41	0	3,402
	<u>7,378</u>	<u>8,246</u>	<u>36</u>	<u>0</u>	<u>15,660</u>
Net book value					
At 31 July 2011	<u>10,594</u>	<u>1,782</u>	<u>0</u>	<u>5,655</u>	<u>18,031</u>
At 31 July 2010	<u>8,231</u>	<u>1,426</u>	<u>0</u>	<u>5,655</u>	<u>15,312</u>

The last valuation of the heritage assets was undertaken in March 2009 by Bernard Quaritch Ltd.

The heritage assets include a collection of rare manuscripts, tracts, incunables and printed books.

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

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

13. WORKS OF ART

	Consolidated £ '000
Cost	
At 1 August 2010	36
Additions	0
	<hr/>
Balance at 31 July 2011	36
	<hr/> <hr/>

Cost brought forward represents expenditure incurred from 1 April 1981. There were no material costs incurred prior to that date.

14. INVESTMENTS

	Consolidated		University of Wales Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
100 ordinary £1 shares – Welsh Networking Limited	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	0	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. ENDOWMENT ASSETS

Consolidated	2011 £ '000	2010 £ '000
Balance at 1 August	7,530	6,862
New endowments	52	264
Increase in market value of Investments	583	293
(Decrease)/Increase in cash balances held for endowments	(34)	111
Balance at 31 July	<hr/> 8,131 <hr/>	<hr/> 7,530 <hr/>
 University of Wales: Trinity Saint David	 2011 £ '000	 2010 £ '000
Balance at 1 August	7,209	6,791
New endowments	52	14
Increase in market value of Investments	583	293
(Decrease)/Increase in cash balances held for endowments	(33)	111
Balance at 31 July	<hr/> 7,811 <hr/>	<hr/> 7,209 <hr/>

The University of Wales, Lampeter Pension & Assurance Scheme trustees has a £2.5m floating charge over the University's unrestricted endowments.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

16. STOCKS

	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Stocks and Stores	73	82	73	41

17. DEBTORS

	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
DUE WITHIN ONE YEAR				
Debtors for goods and services	1,733	1,823	1,718	1,439
Other debtors and prepaid expenditure	1,810	3,552	1,805	0
Amounts due from subsidiaries	0	0	2,002	0
	3,543	5,375	5,525	1,439
DUE AFTER ONE YEAR				
Trinity College	0	0	3,851	0
Other debtors	230	230	0	0
	3,773	5,605	9,376	1,439

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Bank overdraft	-	-	-	-
Bank loan (note 18)	431	450	431	138
Creditors for goods and services	1,999	2,912	1,980	3,074
Other creditors including tax and social security	323	577	60	168
Accruals and deferred income	3,667	5,055	3,422	465
Grants received in advance	10,596	6,327	10,216	645
Amounts due to subsidiaries	0	0	1,010	0
	17,016	15,321	17,119	4,490

The bank overdraft is secured by a fixed and floating charge on the assets of the company.

Included within grants received in advance is £10,216K (2009/10 £ 5,682K) of monies received in respect of the merger from HEFCW. This amount is also reflected within the cash and bank figure shown within the accounts.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Bank loan	606	1,016	606	122

The bank loans are from Barclays Bank plc and HSBC plc and are secured by a first legal charge over certain properties. The bank loans are repayable by monthly instalments over 15 year term and bear interest at 0.55% over Barclays base rate.

Consolidated:

The bank loans were entered into by Trinity College, Carmarthen Foundation Limited and University of Wales Lampeter, on merger the University of Wales, Lampeter loan was transferred to the new entity, University of Wales: Trinity Saint David.

The loan is repayable on demand but it is intended that it will be repayable over a term of 5 years and 11 months from the first drawing. Interest is charged at the rate of 0.75% over the bank's base rate.

The loan is secured by a fixed and floating charge including a legal charge on student accommodation blocks owned by Trinity College.

The bank loan is repayable as follows:

Due	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Within one year	431	451	431	138
After one year				
One to two years	348	438	348	122
Two to five years	258	578	258	0
After five years	0	0	0	0
	606	1,016	606	122
Total	1,037	1,467	1,037	260

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

20. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated

	Restructuring Provision	Pension Scheme Rectification	Enhanced Pension Provision	Total
	£'000	£'000	£'000	£'000
Balance at 1 August	222	38	1,287	1,547
Payments in year	(139)	0	(108)	(247)
Provision no longer required	(83)	0	(0)	(83)
Charge for the year	485	0	106	591
Balance at 31 July	<u>485</u>	<u>38</u>	<u>1,285</u>	<u>1,808</u>

University of Wales: Trinity Saint David

	Restructuring Provision	Pension Scheme Rectification	Enhanced Pension Provision	Total
	£'000	£'000	£'000	£'000
Balance at 1 August	222	38	14	274
Transfer on merger	0	0	1,273	1,273
Payments in year	(139)	0	(108)	(247)
Provision no longer required	(83)	0	(0)	(83)
Charge for the year	346	0	106	452
Balance at 31 July	<u>346</u>	<u>38</u>	<u>1,285</u>	<u>1,669</u>

The restructuring provision is the recognition of payments to be made to employees whose redundancy was confirmed before the year end. The pension rectification provision reflects part of the costs of undertaking a rectification action in relation to the University of Wales Lampeter Pension and Assurance Scheme and the enhanced pension provision is linked to the cost of early retirements agreed in previous years.

21. DEFERRED CAPITAL GRANTS

CONSOLIDATED	HEFCW	Other grants	Total
	£ '000	£ '000	£ '000
At 1 August			
Land and buildings	5,941	1,076	7,017
Equipment	1,100	0	1,100
Grants capitalised in year			
Land and buildings	388	0	388
Equipment	626	0	626
Released to income and expenditure account			
Land and buildings	(259)	(33)	(292)
Equipment	(598)	0	(598)
At 31 July			
Land and buildings	<u>6,070</u>	<u>1,043</u>	<u>7,113</u>
Equipment	<u>1,128</u>	<u>0</u>	<u>1,128</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

21. DEFERRED CAPITAL GRANTS (continued)

UNIVERSITY OF WALES: TRINITY SAINT DAVID	HEFCW	Other grants	Total
	£ '000	£ '000	£ '000
At 1 August			
Land and buildings	2,584	769	3,353
Equipment	901	0	901
Transfer on Merger			
Land and buildings	1,029	72	1,101
Equipment	152	0	152
Grants capitalised in year			
Land and buildings	207	0	207
Equipment	626	0	626
Released to income and expenditure account			
Land and buildings	(178)	(27)	(205)
Equipment	(598)	0	(598)
At 31 July			
Land and buildings	<u>3,642</u>	<u>814</u>	<u>4,456</u>
Equipment	<u>1,081</u>	<u>0</u>	<u>1,081</u>

22. ENDOWMENTS

Special funds comprise legacy, bursary, memorial and appeal funds for specific purposes. The movement of the total funds in the year was as follows:

	Unrestricted Permanent	Restricted Permanent	Total Permanent	2011 Total	2010 Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 August					
Capital	838	3,160	3,998	3,998	3,441
Accumulated income	2,258	1,273	3,531	3,531	3,420
	<u>3,096</u>	<u>4,433</u>	<u>7,529</u>	<u>7,529</u>	<u>6,861</u>
New Endowments	0	52	52	52	14
Investment income	85	169	254	254	386
Awards and payments	(55)	(232)	(287)	(287)	(275)
Increase in market value	228	355	583	583	293
	<u>3,354</u>	<u>4,777</u>	<u>8,131</u>	<u>8,131</u>	<u>7,279</u>
Balance at 31 July					
Represented by:					
Capital	1,065	3,567	4,632	4,632	3,748
Accumulated income	2,289	1,210	3,499	3,499	3,531

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

**University of Wales: Trinity Saint
David**

	Unrestricted Permanent £ '000	Restricted Permanent £ '000	Total Permanent £ '000	2011 Total £ '000	2010 Total £ '000
Balance at 1 August					
-Capital	812	2,866	3,678	3,678	3,371
-Accumulated income	2,258	1,273	3,531	3,531	3,420
	<u>3,070</u>	<u>4,139</u>	<u>7,209</u>	<u>7,209</u>	<u>6,792</u>
New Endowments	0	52	52	52	14
Investment income	85	169	254	254	386
Awards and payments	(55)	(232)	(287)	(287)	(275)
Increase in market value of investments	228	355	583	583	293
	<u>3,328</u>	<u>4,483</u>	<u>7,811</u>	<u>7,811</u>	<u>7,209</u>
Balance at 31 July	<u><u>3,328</u></u>	<u><u>4,483</u></u>	<u><u>7,811</u></u>	<u><u>7,811</u></u>	<u><u>7,209</u></u>

The University of Wales, Lampeter Pension & Assurance Scheme trustees has a £2.5m floating charge over the University's unrestricted endowment funds.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

23. ACCUMULATED FUND

	Consolidated		University of Wales: Trinity Saint David	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Balance brought forward (including pension)	10,342	7,648	4,315	3,672
Transfer of reserves on merger	0	0	2,761	0
	<u>10,342</u>	<u>7,648</u>	<u>7,076</u>	<u>3,672</u>
Net surplus for the year	418	3,157	302	1,106
Transfer to general endowments	(30)	(35)	(30)	(35)
Actuarial gain/(loss)	1,180	(428)	(31)	(428)
	<u>11,910</u>	<u>10,342</u>	<u>7,317</u>	<u>4,315</u>

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2011 £ '000	2010 £ '000
Surplus for the year	355	2,746
Increase in provision for pensions/redundancies	261	(374)
Depreciation	1,664	1,338
Amortisation of grants	0	8
Deferred capital grants released	(890)	(315)
Decrease in stocks	9	9
Decrease/(Increase) in debtors	1,832	(1,096)
Increase in creditors	1,714	8,097
Interest paid	15	20
Interest received	(345)	(437)
Decrease in endowment net current assets	0	13
FRS 17 Adjustment	414	318
	<u>5,029</u>	<u>10,327</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £ '000	2010 £ '000
Interest paid	(15)	(20)
Interest received	345	437
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	<u> </u> 330	<u> </u> 417

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011 £ '000	2010 £ '000
Purchase of tangible fixed assets	(3,421)	(2,371)
Capital grants received	1,014	1,969
Endowment assets acquired	(2,924)	(3,992)
New Endowment Received	52	0
Receipts from sale of endowments assets	2,268	3,476
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure and financial investment	<u> </u> (3,011)	<u> </u> (918)

27. MANAGEMENT OF LIQUID RESOURCES

	2011 £ '000	2010 £ '000
Movement in short-term deposits	1,445	62
	<u> </u>	<u> </u>

28. FINANCING

	2011 £ '000	2010 £ '000
Loan repayments	(430)	(438)
	<u> </u>	<u> </u>
	<u> </u> (430)	<u> </u> (438)

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011	2010
	£ '000	£ '000
Increase in cash	3,363	9,449
Cash flow from movement in liquid resources	(1,445)	(62)
Cash flow from decrease in debt	430	438
	<u>2,348</u>	<u>9,825</u>
Decrease in net debt	2,348	9,825
Net cash at 1 August	<u>17,473</u>	<u>7,648</u>
Net cash at 31 July	<u><u>19,821</u></u>	<u><u>17,473</u></u>

30. ANALYSIS OF NET DEBT

	1 August	Change	31 July
	2010	in year	2011
	£ '000	£ '000	£ '000
Consolidated			
Cash at bank and in hand	15,775	4,127	19,902
Endowment cash held by University	1,076	(764)	312
Bank overdraft	0	0	0
	<u>16,851</u>	<u>3,363</u>	<u>20,214</u>
Short-term deposits	1,322	(1,322)	0
Endowment cash held by investment managers	767	(123)	644
Bank loan	(1,467)	430	(1,037)
	<u>17,473</u>	<u>2,348</u>	<u>19,821</u>

31. FINANCIAL COMMITMENTS

At 31 July 2011, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	£ '000	£ '000	£ '000	£ '000
In One Year or less	17	12	17	12
Between Two and Five Years	9	24	9	24
In Five Years or More	0	0	0	0
	<u>26</u>	<u>36</u>	<u>26</u>	<u>36</u>

The College has given a guarantee of £24,120 in favour of United News & Media plc/HTV plc.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

32. FINANCIAL CONTINGENCY FUNDS

	2011	2010
	£ '000	£ '000
Unspent at 1 August	21	4
Funding Council grants	73	179
Loans Repaid	3	0
Interest earned	0	0
	<u>97</u>	<u>183</u>
Disbursed to students	(82)	(162)
Funds returned to Assembly	(11)	0
	<u>(93)</u>	<u>(162)</u>
Balance unspent at 31 July	<u>4</u>	<u>21</u>

Financial Contingency grants are available solely for students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.

During the 2010/2011 academic year, the University received £72,707 (2009/2010 - £179,108) from the Welsh Government as earmarked financial contingency funds. The funds were administered in accordance with the terms and conditions specified by the Government. At 31 July 2011, the University held £4,091 (31 July 2010 - £20,952) of funds not distributed.

33. PGCE INCENTIVE SALARIES

	2011	2010
	£ '000	£ '000
Incentives received	0	202
Disbursed to students	0	(202)
	<u>0</u>	<u>(0)</u>
	<u>-</u>	<u>-</u>

PGCE incentive salaries are available for PGCE students. The University acts only as paying agents. The incentives and related disbursements are therefore excluded from the income and expenditure account.

34. SOUTH WEST WALES SCHOOL OF EDUCATION

	2011	2010
	£ '000	£ '000
HEFCW Grant Received	2,374	2,752
Grant Disbursed to Swansea Metropolitan University	(2,374)	(2,752)
	<u>0</u>	<u>0</u>
	<u>-</u>	<u>-</u>

The HEFCW grant received was for delivery of ITT provision in partnership with Swansea Metropolitan University. The University acts only as paying agents. The grant and related disbursements are therefore excluded from the income and expenditure account.

During the year, the University received £2,374,356 (2010 - £2,751,889) from the Higher Education funding Council for Wales as earmarked ITT grant. The funds were administered in accordance with the terms and conditions specified by the Council and paid out in the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

35 PENSION SCHEMES

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

LGSS

A full actuarial valuation of the scheme was carried out as at 31 March 2010 and updated to 31 July 2011 by a qualified independent actuary. The major assumptions used by the actuary were:

	2011 %	2010 %	2009 %
Rate of increase in salaries	4.65	4.95	5.45
Rate of increase in pensions	2.9	2.7	3.7
Discount rate	5.3	5.5	6.3
Rate of inflation	2.9	2.7	3.7

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

	31 July 2011	31 July 2010
Retiring today		
Males	21.9	21.2
Females	24.5	24.0
Retiring in 20 years		
Males	23.3	22.2
Females	26.1	25.0

At the last actuarial valuation date, the market value of the assets of the scheme was £10,483,000 and the present value of the scheme liabilities was £14,163,000.

Fair value of assets and expected rates of return as at 31 July 2011, 31 July 2010, and 31 July 2009 were:

	Long-term expected return at 31 July 2011	Fair value at 31 July 2011 £'000	Long-term expected return at 31 July 2010	Fair value at 31 July 2010 £'000	Long-term expected return at 31 July 2009	Fair value at 31 July 2009 £'000
Equities	7.0%	7,181	7.5%	6,242	7.5%	5,120
Government Bonds	3.9%	1,195	4.2%	1,265	4.5%	1,181
Other Bonds	4.9%	1,300	5.1%	1,219	5.8%	1,189
Property	6.0%	618	6.5%	259	-	-
Other	0.5%	189	0.5%	249	0.5%	130
Total market value of assets		10,483		9,234		7,620
Present value scheme liabilities		(14,163)		(13,836)		(12,582)
(Deficit)/surplus in scheme		(3,680)		(4,602)		(4,962)

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

35. PENSION SCHEMES (continued)

Analysis of amount charged to operating profit

	For year to 31 July 2011 £ '000	For year to 31 July 2010 £ '000
Current service cost	618	561
Total operating charge	<u>618</u>	<u>561</u>

Analysis of finance income and charges

	For year to 31 July 2011 £ '000	For year to 31 July 2010 £ '000
Expected return on assets	575	496
Interest on pension liabilities	(767)	(810)
Net finance return	<u>(192)</u>	<u>(314)</u>

Movement in scheme deficit during the year

	For year to 31 July 2011 £ '000	For year to 31 July 2010 £ '000
(Deficit)/surplus in scheme at beginning of the year	(4,602)	(4,962)
Movement in year		
Current service cost	(618)	(561)
Contributions paid by the employer	521	448
Past Service/Curtailment/Settlement Gain	(113)	935
Net return	(192)	(314)
Actuarial gain(loss)	1,324	(148)
Deficit in scheme at the end of the year	<u>(3,680)</u>	<u>(4,602)</u>

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

	31 July 2011 £ '000	31 July 2010 £ '000
At 1 August	(13,836)	(12,582)
Current service cost	(618)	(561)
Interest cost	(767)	(810)
Member contributions	(219)	(206)
Actuarial gains and losses	765	(822)
Benefits paid	625	210
Past service cost	(113)	935
At 31 July	<u>(14,163)</u>	<u>(13,836)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

35. PENSION SCHEMES (continued)

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

	31 July 2011	31 July 2010
	£ '000	£ '000
At 1 August	9,234	7,620
Expected rate of return on scheme assets	575	496
Actuarial gains and losses	559	674
Employer contributions	521	448
Members contributions	219	206
Benefits paid	(625)	(210)
At 31 July	<u>10,483</u>	<u>9,234</u>

	2011	2010	2009	2008	2007
	£ '000	£ '000	£ '000	£ '000	£ '000
Difference between the expected and actual return on assets					
Amount	559	674	(958)	(927)	79
Percentage of scheme assets	5.3%	7.3%	12.6%	12%	1%
Experience gains/(losses) on scheme liabilities					
Amount	1,015	(822)	600	590	0
Percentage of the present value of scheme liabilities	7.2%	5.9%	4.8%	5%	0%
Actuarial (gain)/losses recognised in STRGL					
Amount	(1,324)	148	366	2,591	(62)
Percentage of present value of year end scheme liabilities	9.3%	1.1%	2.9%	22.1%	0.7%

The tax credits associated with UK equity dividends were abolished with effect from 2 July 1997. This has the effect of reducing the overall expected investment return in the long term. The actuary of the LGSS has reported that to allow for this reduction in return would require an increase in the Common Contribution of 1.2% of pensionable pay.

University of Wales Lampeter Pension and Assurance Scheme (UWLPS)

The University sponsors the University of Wales, Lampeter Pension & Assurance Scheme which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for past and present non-academic employees. The level of retirement benefit is principally based on salary earned in the last three years of employment.

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

The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 August 2008 (showing a deficit of £2,957,000).

The contributions made by the employer over the financial year have been:

- 19.45% of pensionable salary from 1 December 2009. The contribution includes premiums for benefits payable on death in service and expenses of management and administration.

NOTES TO THE ACCOUNTS

Year ended 31 July 2011

- Annual deficit correction premiums of £290,000.

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 July 2011 is £472,000.

From the 1 August 2009 the University has implemented a 15 year payment plan that will mean the University will pay contributions of £290,000 per annum into the scheme. In addition the University agreed that it will pay 19.45% of pensionable service from 1 December 2009 in respect of accruing benefits.

The material assumptions used by the actuary for FRS17 as at 31 July 2011, and for the comparative period, were as follows:

	Period Ending 31 July 2011 % per annum	Period Ending 31 July 2010 % per annum	Period Ending 31 July 2009 % per annum
Rate of increase in salaries	5.0	5.00	5.00
Rate of increase in pensions in payment	3.6	3.20	3.50
Discount rate	5.3	5.40	6.00
Inflation assumption	3.6	3.20	3.50
Revaluation rate for deferred pensioners	5.0	5.00	5.00
Allowance for commutation of pension for cash at retirement	Cash commutation is allowed for	Cash commutation is allowed for	Cash commutation is allowed for

The mortality assumptions adopted at 31 July 2011 are 120% of the standard tables PNxA00 with Year of Birth improvements in accordance with Long Cohort improvement tables with a 1% improvement underpin for males and females. These imply the following life expectancies:

Male retiring at age 65 in 2011	22.5 years
Female retiring at age 65 in 2011	25.0 years
Male retiring at age 65 in 2031	24.4 years
Female retiring at age 65 in 2031	26.8 years

Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities:

Assumption	Change in assumption	Change in value of scheme liabilities
Discount rate	Increase / decrease of 0.5% p.a	Decrease / increase by 10.0%
Rate of inflation	Increase / decrease of 0.5% p.a	Increase / decrease by 3.5%
Rate of salary growth	Increase / decrease of 0.5% p.a	Increase / decrease by 4.4%
Rate of mortality	1 year increase in life expectancy	Increase by 2.3%

The assets of the scheme and the expected long term rate of return applicable for each period were:

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

	Long term rate of return expected period commencing 01/08/10 %	Value at 31 July 2011 £'000	Long term rate of return expected period commencing 01/08/09 %	Value at 31 July 2010 £'000	Long term rate of return expected period commencing 01/08/08 %	Value at 31 July 2009 £'000
Equities	6.6	5,847	6.9	5,276	7.3	4,517
Bonds	4.2	4,181	4.5	3,557	4.9	2,884
Other	4.2	63	4.5	69	5.0	158
		<u>10,091</u>		<u>8,902</u>		<u>7,559</u>

The following amounts were measured in accordance with the requirements of FRS 17:

	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000
Assets	<u>10,091</u>	<u>8,902</u>	<u>7,559</u>
Liabilities	<u>(13,818)</u>	<u>(12,473)</u>	<u>(10,811)</u>
Deficit (net pension liability)	<u>(3,727)</u>	<u>(3,571)</u>	<u>(3,252)</u>

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

Analysis of the amount charged to income and expenditure account

	2011 £'000	2010 £'000
Current service cost	386	257
Past service cost	-	-
Total operating charge	<u>386</u>	<u>257</u>

Analysis of pension finance costs

	2011 £'000	2010 £'000
Expected return on pension scheme assets	502	451
Interest on pension liabilities	(674)	(647)
Pension finance costs	<u>(172)</u>	<u>(196)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2011	2010
	<u>£'000</u>	<u>£'000</u>
Actual return less expected return on pension scheme assets	620	619
Experienced losses arising on the scheme liabilities	(52)	36
Change in financial and demographic assumptions underlying the scheme	(599)	(1,083)
Actuarial loss recognised in the STRGL	<u>(31)</u>	<u>(428)</u>

The movement in the University's share of the scheme's deficit during the year is made up as follows:

	2011	2010
	<u>£'000</u>	<u>£'000</u>
Deficit at 1 August	(3,571)	(3,252)
Movement in year:		
Current service cost	(386)	(257)
Net interest payable	(172)	(196)
Contributions	433	562
Past service/curtailment/settlement gain	-	-
Actuarial (loss)/gain	(31)	(428)
Deficit at 31 July	<u>(3,727)</u>	<u>(3,571)</u>

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

	Period	Period
	Ending	Ending
	31 July	31 July
	2011	2010
	<u>£'000s</u>	<u>£'000s</u>
Scheme liabilities at start of period	12,473	10,811
Current service cost	386	257
Interest cost	674	647
Contributions by scheme participants	47	62
Actuarial loss	651	1,047
Benefits paid, death in service insurance premiums and expenses	(413)	(351)
Past service costs	-	-
Scheme liabilities at end of period	<u>13,818</u>	<u>12,473</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2011

Analysis of movement in the market value of scheme assets

	Period Ending 31 July 2011 £'000s	Period Ending 31 July 2010 £'000s
Fair value of scheme assets at start of period	8,902	7,559
Expected return on scheme assets	502	451
Actuarial gains / (losses)	620	619
Contributions by employer	433	562
Contributions by scheme participants	47	62
Benefits paid, death in service insurance premiums and expenses	(413)	(351)
Receipt from insurance claim	-	-
Fair value of scheme assets at end of period	10,091	8,902

The experienced gains and losses for the year ended 31 July 2011, 31 July 2010, 31 July 2009, 31 July 2008 and 31 July 2007 were as follows:

	2011	2010	2009	2008	2007
Defined benefit obligation (£'000)	(13,818)	(12,473)	(10,811)	(8,793)	(9,187)
Plan assets (£'000)	10,091	8,902	7,559	7,293	7,192
Surplus/(deficit) (£'000)	(3,727)	(3,571)	(3,252)	(1,500)	(1,995)

Difference between the expected and actual return on scheme assets:

Amount (£'000)	620	619	(622)	(709)	106
Percentage of scheme assets	6%	7%	-9%	-10%	1%

Experienced gains and losses on scheme liabilities:

Amount (£'000)	(52)	36	695	91	(89)
Percentage of present value of the scheme liabilities	0%	0%	6%	1%	-1%

Total amount recognised in the STRGL

Amount (£'000)	(599)	(1,083)	(1,984)	1,039	1,000
Percentage of present value of the scheme liabilities	-4%	-9%	-18%	12%	13%

Teachers' Pension Scheme

The University is a member of the Teachers' Pension Scheme (TPS) which is a defined benefit scheme. The TPS is an unfunded scheme. Contributions on a "pay-as-you-go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in the Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The TPS is unable to provide for the University an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the

NOTES TO THE ACCOUNTS**Year ended 31 July 2011**

University has taken advantage of the exemption in FRS 17 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. Set out below is the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Real rate of return	3.5% in excess of prices and 2% in excess of earnings per annum
Rate of real earnings growth	1.5% per annum
Gross rate of return	6.5% per annum

The value of the notional assets at 31 March 2010 was £163,240 million (estimated future contributions together with the proceeds from the notional investments held at the valuation date).

Following implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2001, the government actuary carried out a further review on the level of employer's contributions. For the period from 1 August 2010 to July 2010, the employer contribution was 14.1%.

USS

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

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying asset and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by the FRS 17 "retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.4% per annum, salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £1.35bn of liabilities to reflect recent experience) and pensions would increase by 3.3% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 4.3% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,843 million and the value of the past service liabilities was £40,619 million indicating a deficit of £11,776 million. The assets therefore were sufficient to cover 71% of the benefits which had accrued to members after allowing for expected future increases in earning.

The employer contribution rate paid by the Institution to USS for the period 1 August 2010 to 31 July 2011 was 16% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the University was £781K (2009/10 £738K).

NOTES TO THE ACCOUNTS**Year ended 31 July 2011****37. POST BALANCE SHEET EVENTS**

There are no post balance sheet events.

38. CAPITAL COMMITMENTS

Capital commitments not contracted for at year end	£ '000
Teaching & Learning Building	5,700
Canterbury Building Refurbishment	2,500
Arts & Sports Hall Refurbishment	1,140
All Weather Pitch	460

39. CONTINGENT LIABILITIES

There is a contingent liability of £700k in respect of the University of Wales, Lampeter Pension & Assurance Scheme.

The University is currently pursuing an action for rectification in relation to Guaranteed Minimum Pension payments payable by the University of Wales, Lampeter Pension & Assurance Scheme.

The University management has sought legal advice and is of the belief that the University has strong legal grounds to believe that such an action would be successful.