

2020/21

Information for the Year
ended 31 July 2021
southwales.ac.uk

FINANCIAL STATEMENTS ANNUAL REVIEW





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FOREWORD

Managing the ongoing Covid-19 pandemic and various national and local lockdowns has made 2020-21 another challenging year. As it has been throughout the pandemic, the health, wellbeing, and safety of our students, colleagues, and community has been our main priority. We are incredibly proud of the extraordinary efforts of all of our colleagues over the past year to maintain high standards of learning and teaching whilst keeping everyone safe on campus.

Our students demonstrated tremendous resilience and adaptability, moving between face-to-face and digital learning as differing public health positions emerged. It has been a hugely challenging environment and, sadly, our National Student Survey results reflected that with a fall in satisfaction levels, largely in line with the rest of the sector in the UK and Wales. There were several areas, however, where USW remains a head of sector after several years of improvement, including our assessment and feedback, and academic support. As we gear up to deliver significantly more face-to-face learning and teaching on our campus for the next academic year, we are learning from our students' and colleagues' experiences and continuously improving our offer.

We have continued to play our part in the fight against Covid-19 – from our student nurses on the front line helping to deliver the vaccination programme, to our scientists who have continued their work on developing a rapid diagnostic test for Covid-19. We have run free short courses for people who were furloughed or out of work due to the pandemic to help them build confidence and develop digital skills. We have also offered support for entrepreneurs and businesses to help them manage the impact of the pandemic on their business ventures. Our Pontypridd Campus continues to host an NHS Covid PCR Testing Centre and, from last November, we also established Lateral Flow Testing Centres for our students and colleagues in Treforest, Cardiff, and Newport. At a difficult time for our communities, our public benefit and impact has been clear.

However, the past year hasn't just been focused on managing the pandemic. The university has continued to invest, develop, and innovate. In 2020 we launched our 2030 Strategy, which sets out a bold and ambitious direction for the next decade. Focusing on making a positive impact and changing the lives of our students, colleagues, and our communities, we will continue to put partnership at the heart of everything we do. We have invested in our physical and IT infrastructure to enable us to adapt and implement new more flexible ways of learning, teaching, and working. Decarbonisation is essential to operate and maintain a sustainable university environment, which is why we also developed a new USW Carbon strategy and announced our ambition to be carbon neutral by 2040.

We have also celebrated many successes over the past year, with USW becoming the only university in Wales to have been recognised as an Academic Centre of Excellence in Cyber Security Education by the National Cyber Security Centre, as well as being named Cyber University of the Year for the second year in a row. In July we won a multi-million-pound contract to deliver healthcare courses over the next 10 years, significantly growing our contracted numbers in health – demonstrating continued confidence in our ability to deliver our current provision but also adding several new courses to our care sciences portfolio. Researchers within our sustainable environment and creative teams have partnered with industry and academia and have been awarded significant research and development grants to help drive change and innovations in their respective fields. We continue to be inspired and immensely proud of all of the achievements of our colleagues and students over the past year.

Finally, last December, Professor Julie Lydon OBE announced her retirement after 15 years at the University – the last 11 years as Vice-Chancellor. As the first female Vice-Chancellor in Wales Julie has made a remarkable contribution to not only our University but the wider higher education sector. On behalf of the whole University, we would like to thank Julie for her tremendous leadership and commitment to the University and our values – she will be hugely missed.



Dr Ben Calvert
Vice-Chancellor



Louise Evans
Chair of the Board of Governors

A female scientist with dark hair tied back, wearing a white lab coat and blue nitrile gloves, is focused on her work. She is holding a white pipette with a yellow tip, carefully dispensing liquid into a small well of a bright orange microplate. The microplate is sitting on a white lab bench. In the background, there are various pieces of laboratory equipment, including a large grey storage cabinet with a '37°C' label, a blue pipette, and a white machine with a digital display. The overall scene is a professional laboratory environment.

**USW SCIENTISTS
DEVELOPED A RAPID
POINT-OF-CARE COVID-19
TEST, THAT COULD
DETECT INFECTION IN
20 TO 30 MINUTES.**



BOARD OF GOVERNORS

Independent Governors

Louise Evans (Chair) (4/4)
Graham Edwards (until 31 July 2021) (0/4)
Alison Phillips (3/4)
Michael Stevens (4/4)
Chris Sutton (4/4)
Jemma Terry (4/4)
John Derrick (4/4)
Debbie Jones (4/4)
Professor Philip Gummatt (4/4)
David Francis (from 1 April 2021) (1/1)
Steve Wilson (from 19 April 2021) (1/1)
Richard Lloyd-Owen (from 1 April 2021) (1/1)
Sanjay Balakrishnan (from 21 June 2021) (1/1)
Sion O'Connor (from 1 August 2021)

Vice-Chancellor

Professor Julie Lydon (until 31 August 2021) (4/4)
Dr Ben Calvert (from 1 September 2021)

Co-opted member with experience of education

Professor Michael Gunn (4/4)

Co-opted members of the Executive

Dr Ben Calvert (until 31 July 2021) (4/4)
Mark Milton (3/4)
Catherine Thomas (from 1 August 2021)

Additional co-opted member elected from and by the staff

Angela Lewis (4/4)

Academic Board nominee

Dr Louise Bright (until 31 July 2021) (3/4)

Student Governors

Shannon Lee (until 12 March 2021) (2/2)
Kay Dennis (from 15 March 2021) (2/2)
Cobi Flowers (from 10 May 2021) (1/1)

Conflicts of interest

Members of the Board of Governors and its committees submit an annual register of interests document. Prior to the start of each Board and Committee meeting, members are asked to declare any interests, in general or in respect of specific agenda items¹.

Independent Members

Independent members² are defined by the University's Instrument of Government, cannot include staff, students or elected members of local authorities and must make up at least half of all governors. The independent members have the authority to approve the appointment of new independent members.

(1) Attendance information is provided for members serving during the year ended 31 July 2021, expressed as the number of meetings of the Board of Governors attended out of a total number of meetings the member was due to attend.

Photos are available on next page: Board of Governors | University of South Wales

Members of the University Executive

Professor Julie Lydon (Vice Chancellor)
Dr Ben Calvert (Deputy Vice Chancellor)
Professor Paul Harrison (Pro Vice Chancellor (Innovation and Engagement))
Mark Milton (Chief Operating Officer)
Professor Martin Steggall (Pro Vice Chancellor (Research and Student Experience))
Catherine Thomas (Head of Organisational Development)
Darren Xiberras (Chief Finance Officer)

¹Article 18: If any member has any pecuniary, family or other personal interest, direct or indirect, in any contract, proposed contract or other matter and is present at the meeting of the Board of Governors or the committee at which the contract or other matter is the subject of consideration, the member shall at the meeting, and as soon as practical after commencement, disclose the fact and, unless otherwise agreed by resolution of the meeting, withdraw from the meeting before consideration of that item, not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it. A Governor shall not be treated as having a pecuniary interest in any matter by reason only of her/his being a member of the staff or a student of the Institution.

²Instrument 3 (3): Independent members shall be persons appearing to the appointing authority to have experience of, and to have shown capacity in, industrial, commercial or employment matters or the practice of any profession.

BOARD OF GOVERNORS



Louise Evans (Chair)



Jemma Terry



Graham Edwards



Debbie Jones



Alison Phillips



Professor Philip Gummatt



Michael Stevens



David Francis



Chris Sutton



Steve Wilson



Richard Lloyd-Owen



Mark Milton



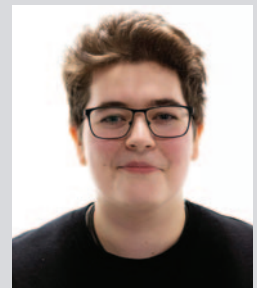
Shannon Lee



Sanjay Balakrishnan



Catherine Thomas



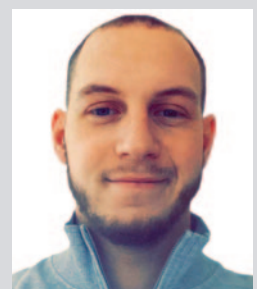
Kay Dennis



John Derrick



Angela Lewis



Cobi Flowers



Dr Ben Calvert



Sion O'Connor



Professor Michael Gunn



Dr Louise Bright

STRATEGIC STATEMENT

At the University of South Wales, our core purpose is to make a positive impact and be ambitious for our students and colleagues. We are focused on inclusion, enterprise, and growth, and we are a proven trusted partner for long-term mutual benefit and success. We are proud to be anchored in South Wales with a global reach, and an innovative creator of knowledge and solutions for the future. This purpose informs our vision, our strategic goals and enablers, and how we focus and deliver our activities. The University Strategy – USW 2030 - sets out our direction for the next decade; a pathway for the future that is bold and ambitious to ensure our continued success and long-term sustainability.

Our world is changing at an intense pace, and it is our job to equip our students with the skills, knowledge, and experience required to maximise their potential and future opportunities in the world of work.

Working in collaboration with industry, our research and innovation will tackle some of the biggest global challenges, from energy to health to security and providing answers to real-world problems.

Over the next decade, our ambitions are to:

- Be a large, regional University with a distinctive full-time and part-time academic offer that is attractive to both home and global markets
- Provide an excellent, inclusive, engaged student experience
- Ensure our students successfully complete their studies and secure employment in their areas of expertise
- Engage with partners to maximise our impact on their endeavours
- Commit to improving the future well-being of the communities we serve through individual and collective action
- Provide opportunities for students across the region and beyond to participate in and progress to higher education
- Be an engaged, values-based employer
- Be financially sustainable in the context of a dynamic higher education environment

OUR VISION

OUR VISION IS TO CHANGE LIVES AND OUR WORLD FOR THE BETTER. WE WILL BE A LEADING UK UNIVERSITY, MAXIMISING POSITIVE IMPACTS FOR STUDENTS, PARTNERS AND COMMUNITIES.



OUR PORTFOLIO WILL FOCUS ON THE SKILLS NEEDS OF STUDENTS AND EMPLOYERS.

OUR VALUES

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

Professional

We will:

- Act with Integrity to ensure people can trust and rely on us
- Take responsibility individually and collectively for contributing to our strategic goals and enabler
- Pursue excellence in everything we do

Responsive

We will:

- Be flexible and agile, embracing change and promoting equality and inclusion in all we do
- Be approachable, seeking feedback to continually develop
- Be accountable for the delivery of our personal and team objectives

Creative

We will:

- Nurture curiosity and innovation so that ideas can flourish
- Embrace new ideas
- Take risks and challenge current ways of working to make a positive impact

Inspiring

We will:

- Be passionate about celebrating success
- Be dynamic, stimulating, and motivating
- Create opportunities that widen our own and our students' horizons

Collaborative

We will:

- Actively collaborate across our University and externally for mutual benefit
- Be inclusive, valuing, and respecting every individual for their contribution
- Identify and communicate best practice and ideas

OUR GOALS

Maximising graduate success and opportunities

Distinctive academic offer

Our portfolio will focus on the skills needs of students and employers.

There will be a well-evidenced and market-led development process that builds reputation in areas of strength and in growing, and emerging, UK and international markets.

It will be co-designed with industry, regularly refreshed, and professionally recognised.

Our curriculum will instil a professional identity and be connected to regional, national and global challenges.



OUR RESEARCH TEAMS WILL FOCUS ON PROVIDING RELEVANT, IMPACTFUL SOLUTIONS TO PROBLEMS THAT AFFECT SOCIETY AND THE ECONOMY.

Transformational learning, teaching, and student experience

Problem and challenge-based learning will be embedded in all programmes, in order to develop graduate attributes of innovation and enterprise, leadership, project management, digital literacy, commercial awareness, and communication.

Interdisciplinary team-based learning will connect to problems beyond the classroom, in order to drive actions and solutions.

Our curriculum will create a deep sense of belonging, engagement, networking, and pride.

Engagement with alumni will be embedded in student life, notably mentoring and supporting graduate success.

Students will have an inclusive voice in the development of the curriculum.

Workplace and lifelong learning solutions

There will be extended and enhanced professional workplace learning opportunities, including degree apprenticeships.

There will be new, innovative, and flexible CPD opportunities and models of delivery.

We will have an increased focus on blended and online learning opportunities to extend market reach.

Research excellence and innovation impact

Internationally excellent research capabilities

We will focus on accelerated development and investment in our internationally-reputable and high-impact research areas:

- Creative
- Crime, security and justice
- Health and well-being
- Sustainable environment

There will be focused development of innovative pedagogical practice, including the use of emergent technologies.

Research and innovation impact

Our multidisciplinary research teams will focus on providing relevant, impactful solutions to problems that affect society and the economy.

Learning and teaching will be based on insights and evidence from our research and innovation impact in industry and the community.

We will support, foster and showcase the talent and ambition of our research and innovation.

Knowledge and skills exchange for student and strategic partner benefit

Our major strategic partnerships will address global challenges and act as catalysts for wider influence and support.

Our collaborative work will focus on creating greater levels of productivity, innovation, and economic impact.

It will act as a bridge for knowledge exchange between students, employers, and community interests.

We will work in partnership to inspire and support student entrepreneurship.

OUR ENABLERS

Our external focus

Accessible Higher Education

Working with partners to improve educational attainment and promote access to, and participation in, higher education will be a priority.

We will work to support a growth of Higher Education in Further Education opportunities across our region and beyond.

There will be enhanced support for students from under-represented communities and groups to succeed in higher education.

There will be a growth of inbound and outbound international student mobility.

Contribution to economic and societal well-being

We are committed to improving the future well-being of the communities we serve, by taking individual and collective action, across our region, including support for the Welsh Government's well-being goals.

We nurture relationships between industry and communities, acting as a catalyst and bridge, through, for example, practice-based research and innovation focusing on solutions to real world problems.

Building supportive, trusting, and professional relationships with civic leaders, to maximise positive change and outcomes for our region and beyond, will be a priority.

We will maximise the economic and public value of our campuses as an anchor institution for the benefit of our partners and communities.

We are committed to making a positive contribution to the development of the Welsh language.

Connected and responsible organisation

We will deepen our regional, national, and international strategic partnerships for mutual benefit, including development of models to accommodate partnership requirements.

There will be enhanced engagement with our alumni network to sustain an advocacy and support network for life.

We will communicate our purpose and value with clarity, integrity, and enthusiasm.

We will embed environmental and corporate social responsibility principles into our practice.

Our operational transformation

Focused, talented, and ambitious staff

With a deep sense of belonging, focus and pride in our work, there will be a 'one university' values-based culture.

All colleagues will have an ethos of continuous improvement in learning and teaching, with staff empowered to innovate and collaborate to advance our innovative pedagogical practice.

We will be a high-performing and digitally-innovating workforce aligned to our core values, goals, and work priorities.

We will have an inclusive workplace environment that supports diversity and promotes collaboration and well-being.

Fit-for-the-future operations

We will consolidate our estate and enhance our digital infrastructure.

We will use flexible spaces and emergent technologies to enable innovative pedagogical and work practices.

Our services will be efficient and innovative and meet the needs of our students, staff, and partners.

We will deliver timely and consistent business intelligence, with an effective data governance and management framework, to inform and empower decision making.

Financial strength

Our institution will be scalable and sustainable, with operational and commercial models that embrace our efficiency and effectiveness.

We will grow and diversify our income to generate surpluses for re-investment in our core purpose.

**WE ARE COMMITTED
TO IMPROVING THE
FUTURE WELL-BEING
OF THE COMMUNITIES
WE SERVE.**



REVIEW OF 2020/21

KEY HIGHLIGHTS OVER THE PAST YEAR AND PROGRESS IN DELIVERING OUR STRATEGIC PLAN OBJECTIVES

The 2020/21 academic year was largely dominated by the Covid-19 pandemic. Despite challenging conditions and further lockdowns, the University's colleagues and students continued to excel, academically and professionally, to support the delivery of the USW 2030 strategic goals.



In April, Dr Ben Calvert was named as the new Vice-Chancellor of the University. Ben took over the role from September 2021 following the retirement of Professor Julie Lydon OBE. Ben was the Deputy Vice-Chancellor at USW and led the academic portfolio with a strong focus on the quality and enhancement of our learning and teaching provision.

Strategic Goal One: Maximising graduate success and opportunities

USW Springboard

The University of South Wales launched its USW Springboard enterprise and employability graduate internship programme to the class of 2020 and alumni in summer 2020. USW Springboard is an employability scheme to enable USW graduates to engage with high-quality employability opportunities and training across the University. The programme was introduced to maximise graduate success aligned to USW's 2030 Strategy, and in direct response to addressing the challenge of a Covid-19-impacted graduate labour market.

USW Springboard was developed by faculties and professional services departments (careers, alumni, student enterprise, HR, strategy, and procurement) as well as the USW business incubator - Start-up Stiwdio – to deliver in-year to those graduates most impacted by the pandemic.

The programme was initially open to all 2020 graduates. It offers:

- Up to 20 paid 16-week project placements across the University, with a built-in ILM Level 3 in Leadership and Management (each internship valued at £10k).
- A Springboard Start-up Pitching Award (launched in Global Entrepreneurship Week, value £20k) aimed at Class of 2020 graduate entrepreneurs.
- Careers guidance and support, with access to USW Alumni, digital synchronous and asynchronous careers guidance and information.

The programme builds on USW's successful graduate internship programme and placements delivered over the past five years. Our Skills and Employability model encompasses a student and graduate vocational focus (Building Your Future Together) and was designed for maximum institutional strategic impact whilst, this year, providing as many opportunities as possible within the funding envelope of £230k.



01

01 – USW wins multi-million-pound healthcare education contract

USW won a multi-million-pound contract to continue delivery of healthcare courses over the next decade. Starting in September 2022, the contract will add three new courses to USW's care sciences portfolio – Operating Department Practitioner, Physiotherapy, and Occupational Therapy.



02

WIDI
Wales Institute of
Digital Information
Athrofa Wybodaeth
Ddigidol Cymru

02 – USW named in top education establishments for creative courses

USW was named among the top 20 educational institutions in the world for 3D Animation and Games Design & Development, and amongst the world's top 50 schools for Creative Media & Entertainment by the industry-endorsed online organisation The Rookies.

03 – Wales Institute of Digital Information (WIDI)

USW became part of the Wales Institute of Digital Information (WIDI), an existing joint initiative between the University of Wales Trinity Saint David and the NHS Wales Informatics Service. Together, the three organisations are working to increase the digital skills and competence of the healthcare workforce.

04 – USW journalism students honoured

Journalism students and graduates were recognised at the Broadcast Journalism Training Council awards. A programme created by students won the Best Virtual/Online Newsday category and scooped the Steve Harris Award for the competition's stand-out entry. Graduate Dan Moffat's feature on Barry Island was named Best Radio Documentary.

05 – Student tops ACCA exams

Bryony Lewis became the second USW student in two years to win a 'first in the world prize' in professional examinations. She scored the joint highest mark worldwide in her ACCA Advanced Taxation exam.



04



05

06 – Graduate Diploma in Professional Policing Practice

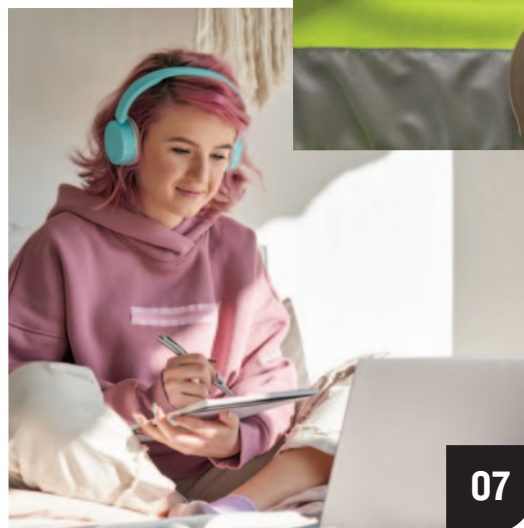
Eight Dyfed-Powys Police officers became the first in England and Wales to complete the Graduate Diploma in Professional Policing Practice, delivered by USW. They were the first cohort to complete the Degree Holder Entry Programme.

07 – USW wins UA Innovation Award

USW won the University Alliance (UA) Innovation Award for addressing the challenge of student digital poverty, as the nation went into lockdown. More than 200 decommissioned computers were repurposed for students who didn't have technology to access their learning and teaching remotely.



06



07

08 – QA Higher Education partnership

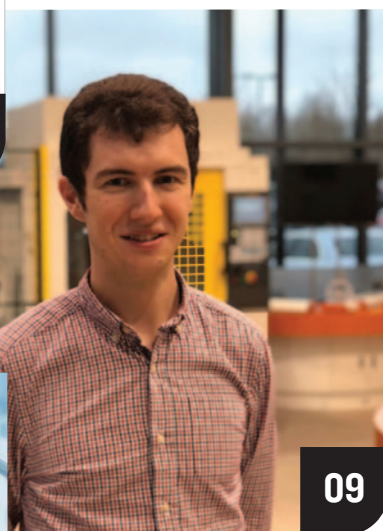
A partnership with QA Higher Education will deliver a Pathway College in Cardiff and Pontypridd. The programmes will support students to develop English-language ability and academic study skills, and offer progression into a range of courses.



IN PARTNERSHIP WITH



08



09

09 – Engineering graduate wins award

USW engineering graduate, Matthew Hunter, was awarded the Frederic Barnes Waldron 'Best Student' award by the Institute of Mechanical Engineers (IMechE) after achieving first-class honours in his IMechE accredited Mechanical Engineering degree.



10

10– USW produces most CEOs in Wales

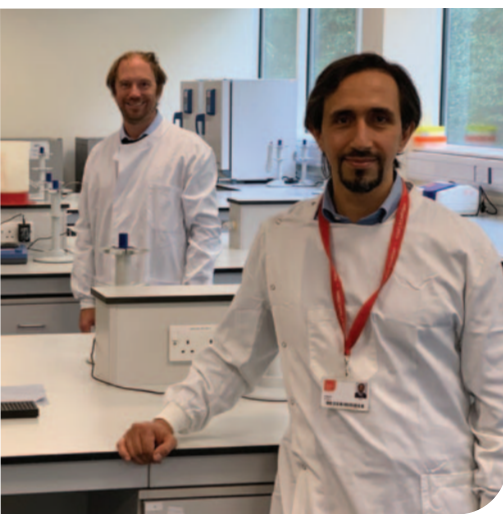
More CEOs have been produced by USW than any other Welsh university according to Hitachi Capital Invoice Finance, which analysed data from alumni who had left UK universities since 2000. 8.15% of USW alumni had gone on to become CEOs, Managing Directors, or founded their own businesses.



11 – USW alumni work on Oscar-nominated films

22 USW alumni worked on films that were shortlisted for the (2021) 93rd Academy Awards, in the Animated Feature Film and Visual Effects categories. The graduates had previously studied Animation, Computer Animation and Visual Effects, and Motion Graphics at USW.

Strategic Goal Two: Research excellence and innovation impact



Covid-19 test

At the onset of the Covid-19 pandemic, USW scientists began developing a Covid-19 test to be able to quickly detect whether people are infected with the underlying SARS-CoV-2 virus. The test, based on molecular diagnostic technology (loopmediated isothermal amplification of DNA - LAMP) lends itself to point-of-care testing because no complex sample processing or expensive diagnostic equipment is required, and it can determine whether people are infected within 20 to 30 minutes. The test was trialled with healthcare workers from the Cwm Taf Morgannwg University Health Board and the results were used to refine the accuracy and performance of the underlying molecular diagnostic technology. The research showed that the test performs well compared to the official Public Health Wales testing regime.

USW formed strong links with industry, Public Health Wales and NHS Wales to develop the test and the reader device. Working with GX Group, the University produced an electronic reader device which processes the test results and BioMonde supported the production of the test-kit assay element. In addition, the scientists designed and trialled a unique saliva/nasal swab printed on 3D printers within Cwm Taf Morgannwg UHB. This developmental work was supported by funding from the Welsh Government's Covid Response, Research and Development, and Innovation Solutions fund.

Dr Emma Hayhurst, one of the lead scientists on the project, said: "The beauty of this test is that it is quick and portable. There are so many possibilities for how this test can be used, for example, in care homes, hospitals, airports, dental labs and GP practices – even cruise liners. Initially we turned around the concept, which was based on a test we had been developing over the past few years to detect Urinary Tract Infections, to reality in just a couple of weeks."

Dr Catherine Moore, Consultant Clinical Scientist from Public Health Wales's Virology Centre, said: "It's exciting to work with USW on what has the potential to be a true mobile point of care system. Having seen the prototype model, it's clear that a great deal of thought has gone into the design to allow it to be used outside of the laboratory/hospital setting."

In partnership with USW, Llusern Scientific Ltd has now been created to commercialise the CE-IVD marked and MHRA registered test and reader device for Covid-19 and other viruses.

01 – Commercial agreement for hydrogen storage technology

USW and Hydro-Québec signed commercial agreements to transfer patented hydrogen storage technology, developed at USW, as part of ongoing efforts to decarbonise industry. The technology allows for hydrogen to be absorbed into material at higher concentrations and densities, increasing its capacity for storage.

02 – South Wales Industrial Cluster

USW was named as the academic partner for the South Wales Industrial Cluster, a consortium of some of Wales' top industry, energy, infrastructure, legal, academic, and engineering organisations, which have joined forces on a £37m project to investigate the decarbonisation of industry in South Wales.



03



05



01



03 – Cyber University of the Year

USW was named Cyber University of the Year for the second year running. Given to those who are committed to cyber innovation, cyber crime reduction, and protecting citizens online, the award recognised USW's National Cyber Security Academy, established in 2016, and its national collaborations.



04

04 – media.cymru Consortium

USW joined the media.cymru Consortium, a £50m bid to develop a world-leading cluster for media innovation in the Cardiff Capital Region. The 24 organisations working in education, broadcasting, technology, media production, and local leadership will drive inclusive and sustainable economic growth.

05–USW research support for Wallace & Gromit: Big Fix Up

USW provided research support to Wallace & Gromit: Big Fix Up, the first augmented reality project for the characters. The project, backed by funding from UK Research & Innovation, involved USW working with animation studio Aardman, and Fictioneers: a consortium of British companies.



06

06 – USW Policing and Security expert chairs Home Office advisory group

USW Policing and Security expert, Professor Christian Kaunert, was appointed as Co-Chair of the Home Office Border Vision Advisory Group (BVAG). The Group provides opportunities for experts to work alongside Border Force to drive academic research and implementation of cutting-edge border solutions and port infrastructure.



07

07 – Criminology team helping to find missing people

Criminology students and staff have joined cold case research group Locate International to help in the search for missing people. Locate's team of specialists focus on unsolved murder and serious crime investigations, applying innovative solutions to advance the cases.

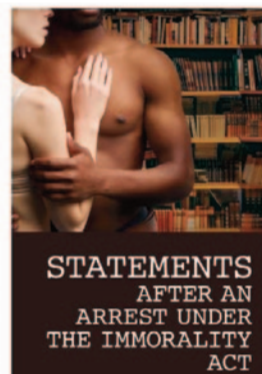
Royal Welsh College of Music and Drama (RWCMD)

01 – New international audiences reached

As RWCMD's audience performances across music and drama moved online, the new digital offer reached further than ever before, including international audiences in Japan, Canada, USA, Australia, and Korea.

02 – Free digital content for care homes

Through lockdown, RWCMD reached out to care homes across Wales offering free digital content to help entertain residents.



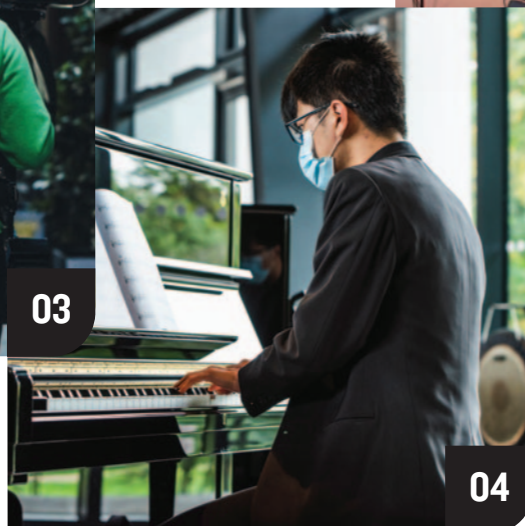
01



02



03



04

03 – Face-to-face teaching

With face-to-face teaching critical to RWCMD practical training, the college managed to open its doors to limited numbers of students every day of the academic year, thanks to a range of careful control measures.

04 – BMus programme revalidated

RWCMD achieved revalidation of its ambitious and transformative BMus programme, reimagined, reinvented, and responding to the future needs of industry and society.

The College Merthyr Tydfil

01 – Another year of outstanding A level and Vocational success

Despite the disruption caused by Covid-19, the college exceeded its already high standards with another hugely successful set of both A Level and vocational results in the summer of 2021. Reinforcing its position as one of the top colleges in Wales, the college achieved an overall A Level pass rate (A*-E) of 99%, with 41% of the students achieving the very highest A*-A grades.

02 – Princess Royal Training Award

The college was thrilled to achieve the standard of excellence against the hallmarks required to receive a Princess Royal Training Award, demonstrating our commitment to providing an outstanding teaching and learning experience for all.



03 – Microsoft Incubator Showcase Schools

The College Merthyr Tydfil has received Microsoft Showcase Schools Incubator status in recognition of its ongoing commitment to leading innovation in professional development.



The Incubator status, which is just the first step in the college's transformational journey towards achieving the full Microsoft School Showcase status by 2023, reinforces the college's vision to drive forward digital leadership, learning, technology, and infrastructure that inspires and empowers staff to develop their capability and expertise in digital learning.

04 – Launch of new Golf Academy

Working in partnership with Wales Golf and Morlais Castle Golf Club in Merthyr Tydfil, the college has launched a brand new golf academy. The academy aims to provide an inclusive enrichment programme that will be accessible to all learners whilst at the same time providing a performance and coaching pathway for those golfers that wish to develop themselves as a performance player alongside their academic studies.



05 – Launch of brand new esports gaming suite and level 3 esports course

In June 2021, The College Merthyr Tydfil successfully launched a brand new esports gaming suite. The new dedicated facility, which will support the delivery of the college's esports BTEC qualification, alongside acting as a gaming and competition venue for the college's British Esports Team, comes complete with 25 brand new gaming stations and performance monitors, Nitro Concepts gaming chairs, a live streaming kit and a large touch screen TV.

“
**TO SUPPORT THE
WORK OF THE
2030 STRATEGY,
USW DEVELOPED
A THREE-YEAR
PORTFOLIO
DEVELOPMENT
PLAN ALIGNED TO
THE STRATEGY
GOALS.**

KEY UNIVERSITY PERFORMANCE TRENDS

The impact of the Covid-19 pandemic continued to be felt across the Higher Education sector during the 2020/21 academic year. Despite this, there were some positive improvements in areas of retention, good honours, and graduate outcomes.

Although recruitment was challenging, the final numbers of new students enrolling exceeded the expectations that had been set by the University. USW saw a strong recruitment of international students and also continued to have the highest proportion of widening participation students in the Welsh sector.

The retention of students has also improved, with the number of UK-domiciled new full-time undergraduate entrants continuing with their learning, increasing, by one percentage point above our benchmark, which reflects the student population demographics at USW. The withdrawal and suspension rates for students were monitored weekly throughout the academic year and this position was maintained.

A no-detriment approach continued in the 2020/21 academic year to support students to progress and fulfil their potential. This had a positive impact on the proportion of first and upper second-class honours that were awarded to students.

The graduate outcomes saw a slight rise, with 79% of 2018/19's USW graduates in work 18 months following completion of their courses, compared to 77% of 2017/18's graduating cohort. USW compares well with the UK Sector and comparator HEIs when looking at the "On-Track" measure. This is the percentage of students who agree or strongly agree with the statement "My current activity fits with my future plans".

USW performed strongly in the 2021 league tables, climbing 32 places in the Guardian University Guide (to 66th in the UK), 24 places in the Times Good University Guide (to 90th in the UK), and 11 places in the Complete University Guide (to 91st in the UK).

There were more challenging results in the National Student Survey, which measures the satisfaction of final-year undergraduate students, with nearly all Higher Education institutions experiencing declines. There was an average reduction of 8% across the HE sector, with USW having a slightly larger drop of 9%, with significant variances across course and subject areas.

To support the work of the 2030 strategy, USW developed a three-year portfolio development plan aligned to the strategy goals. The plan has been developed to ensure that USW's courses meet the needs of the future employment market aligned to our areas of strength. Alongside this we have begun developments in how we deliver our teaching, learning, and assessment, again aligned to strategy, to embed employer-led challenged-based learning.

WORKING WITH STUDENTS

At the University of South Wales we value our positive and productive working relationship with the USW Students' Union. Our students are the lifeblood of the University - the past, present and future - and we are committed to ensuring that the student voice remains integral to providing a high-quality education and student experience.

Covid-19 pandemic

Throughout the Covid-19 pandemic, our priority has been to keep people safe, and to keep people learning. The pandemic has clearly had a significant impact on everyone, including our students, who have remained resilient and focused. The Students' Union has worked closely with the University throughout the pandemic, representing students and ensuring that their voice is heard when planning and responding to the changeable external environment. Whilst education has had to be delivered in a different way this year, course teams have ensured that all of the learning outcomes have been delivered and achieved, as our students have continued to successfully graduate through challenging circumstances.

“
**USW DISTRIBUTED
PAYMENTS OF
£350 TO AROUND
16,000 STUDENTS.
THEY WERE
STUDENTS WHO
WERE IDENTIFIED
AS BEING MORE
LIKELY TO HAVE
SUFFERED
FINANCIAL
HARDSHIP DURING
THE PANDEMIC.**

Covid-19 Student Support Fund

The Covid-19 Student Support Fund was made available to support students who are studying in Wales and experiencing financial hardship arising from the pandemic. This includes USW and RWCMD students, and students who are studying for a USW qualification at one of our partner FE colleges. It was funded by the Welsh Government via the Higher Education Funding Council for Wales (HEFCW).

Early in 2021, HEFCW made £40m funding available to all HEIs in Wales, to provide financial support directly to students. The University managed the distribution of payments of £350 to approximately 16,000 students. They were students who were identified as being more likely to have suffered financial hardship during the pandemic. This included UK students whose home address is in an area that has high levels of deprivation, are from Black, Asian or minority ethnic groups, or whose parents have no Higher Education qualifications. UK, EU, and international students were also eligible for the money if they are a carer, a care leaver, or have registered a disability with USW, as well as students who had self-declared hardship as a result of the pandemic. As well as falling into at least one of the above categories, students also had to be studying during the 2020-21 academic year and be studying at least 25% or above of a full-time course. A further approximate 8,000 payments of £160 were also distributed to these students, meaning that more than £5m was paid directly to students.

A further £3.6m was spent by USW and partners to support learners, including on mental health support.

No Detriment Approach

The University continued to adopt a no detriment approach in the 2020/21 academic year to support students to progress and fulfil their potential amidst the ongoing pandemic. Several additional changes were introduced to progression and award regulations. Assessment Boards were more flexible in considering a student's performance whilst still balancing the need to maintain academic standards. For example:

- Uncapped resits for modules that count towards final qualifications were re-introduced.
- Regulations around repeating assessments and modules for this academic year were relaxed to provide additional opportunities to resit modules, rather than repeat, in certain situations.
- If students did not pass an optional module, they may still have been able to progress to the next level without resitting, within certain parameters.
- For students in their final year, if they were within a small margin of the next classification boundary, they may have been awarded the higher classification if their overall academic profile supported this.

These changes were in addition to ongoing arrangements to support students, such as enhanced extenuating circumstances for disruption as a result of the pandemic, to give students the very best opportunity to succeed in their studies.

Asymptomatic Covid-19 Testing Centres

In December 2020, USW opened its three asymptomatic Covid-19 testing centres at the Cardiff, Newport, and Pontypridd campuses. In conjunction with the UK Government and Welsh Government, the University began its voluntary testing for students and colleagues who had no symptoms of Covid-19. They ran continuously until the end of the academic year, providing thousands of tests on site, and later introduced the distribution of home-testing kits. The testing centres were run by a combination of USW colleagues, graduates, and students.

A Public Health Wales PCR testing centre opened in the car park of the Pontypridd Campus in Treforest in summer 2020, providing a facility for people with symptoms to be tested.



**THROUGHOUT
THE ACADEMIC
YEAR, WE HAVE
BEEN CHECKING
IN WITH OUR
STUDENTS AT
REGULAR POINTS
TO OBTAIN THEIR
FEEDBACK ON
THEIR LEARNING.**

Student Feedback

At the onset of the pandemic, the University introduced the USW DEAL (Digitally Enabled Active Learning). This provides a consistent baseline offer to all our learners wherever and however they are studying with us. The USW DEAL:

- Builds social learning communities.
- Facilitates enquiry over instruction during Learner/Tutor interactions.
- Provides inclusive, accessible, and flexibly accessed instructive digital material which builds understanding and engagement.
- Supports high-quality personal interactions with academic and professional service colleagues.
- Offers appropriately challenging active learning opportunities both individually and with peers.
- Responds to our learners and our ethos of 'Students as partners'.
- Scaffolds learning and make progress visible to learners as they develop.
- Ensures access to high-quality online support services.

Throughout the academic year, we have been checking in with our students at regular points to obtain their feedback on their learning. We have used this feedback to ensure that we are delivering the best possible education to our students during a year where universities have had to quickly react to the external environment.

This year's National Student Survey (NSS) results reflect the challenge that the HE sector experienced in 2020/21, with a 7.2% fall in satisfaction levels to 75.41% compared to 2020 at UK sector and a 8.2% fall to 76.08% in Wales. At USW, we have seen a reduction of 9.24%, taking us to 73.08%.

There are a number of areas where, despite experiencing declines in satisfaction, we remain ahead of sector, including our assessment and feedback and academic support. Our provision of a learning community and student voice has also remained ahead of sector. But there are also some areas where we are behind the sector average including our organisation and management, learning resources and the student union.

From a course perspective, we have again seen some courses that have retained a 100% satisfaction rate, and others that received more disappointing satisfaction rates. Work is being undertaken at course level where there is sustained challenge with actions plans in place, to address the feedback received via the NSS. A key strand of work across the whole University is also looking at accelerating the deployment of challenge-based curricular in 2021/22, and IT Services and Learning Resources are working through plans to improve areas identified in the feedback from students.

CIVIC/COMMUNITY ENGAGEMENT

At the University of South Wales, we are passionate about making a difference in our communities. Through our research outputs and academic activity, we are developing and strengthening valuable links by working with policy makers, community learning groups and national cultural organisations.

Their work is directly informed by the communities of Wales, and they encourage active citizenship by including the public in social, cultural and political conversations. These scholarly activities and research profiles also exemplify the guidelines provided by the Higher Education Funding Council for Wales (HEFCW) and the Welsh Government to develop further regional and national civic leadership, focusing in particular on social innovation.



USW, MAKES A SIGNIFICANT CONTRIBUTION TO THE LIVES OF MIGRANTS WHO SEEK REFUGE IN WALES.

Some examples of our recent civic mission work includes:

Professor Chris Evans, Historian of Atlantic Slavery, has worked alongside community activists in a National Heritage Lottery Fund scheme to bring to light Wales' involvement in the Atlantic Slave system, which has received little attention in major historical narratives. His project aims to highlight a shared inter-cultural dialogue between the people of Wales and those subjected to the horrors of slavery; offering new ways of understanding the global trade history of Wales, through the production of textiles that were used to clothe enslaved workers in the 17th and 18th centuries. Professor Evans seeks to further explore the creation, trade and uses of 'Welsh Plains' or 'Negro Cloth', in order to extend public understanding of the historical links between Wales and Atlantic slavery, bringing together contemporary craft workers and BAME communities. The project also informs education awareness narratives that work to promote social cohesion by including inter-racial narratives in the overarching story of Wales.

Professor Gareth Roderique-Davies and **Professor Bev John**, who lead USW's Addictions Research Group, have worked alongside Public Health Wales and third sector organisations to explore the lack of standardisation in the diagnosis of Alcohol Related Brain Damage (ARBD), and the reliance of clinicians on non-specific measures in the treatment of cognitive impairment brought about by the misuse of alcohol. Their work, which was initiated by the lack of funding for rehabilitation services working to assist those suffering with ARBD, exemplifies the way in which academic research can actively support the community in terms of its health and well-being. Professor Roderique-Davies and Professor John suggested that the lack of research surrounding the condition has led to its low prioritisation in funding budgets for community support organisations. The civic impact of the project is twofold: firstly, it enables clinicians to make informed, evidence-based decisions when selecting appropriate tests for ARBD; secondly, in highlighting the prevalence of the condition in areas such as South Wales, it encourages funders and commissioners of services to prioritise ARBD and support organisations who work to improve the lives of those living with the condition.

Dr Mike Chick, USW's Refugee Champion, has worked to address the issues surrounding the provision of English language courses to those seeking asylum in Wales, by helping increase understanding of the needs of refugees and highlighting the barriers they face in accessing future education and employment. By examining the linguistic support currently in place, Dr Chick identifies variations in learners' needs according to educational background, language levels, professional qualifications and employment aspirations. In doing so, he aims to establish 'contextual' ESOL (English to Speakers of Other Languages) programmes that cater to the needs of the individual learner. His findings have enabled him to identify the most appropriate approaches to meet these needs and he works to increase English language provision for refugees across Wales. USW, therefore, makes a significant contribution to the lives of migrants who seek refuge in Wales. It works to promote social cohesion through English language support, while offering social spaces for refugees to learn and benefit from the community. In identifying different learning needs, Dr Chick's research provides ease of access to education and employment in Wales, while also enabling forced migrants to participate in and create Welsh culture of the future.

Celia Jackson, Senior Lecturer in Documentary Photography, co-founding Phrame, a collective that promotes the work of emerging female photographers in Cardiff and South Wales, in order to make visible women's experience and to challenge the gender imbalance that operates within the discipline of photography. Phrame continues to support women's work through exhibitions, online promotional activity and mutual support and encouragement, as well as offering free portfolio reviews to aspiring artists in the area. Phrame facilitates and promotes equality, while challenging the perceptions of photography as male-dominated and elitist.

UNIVERSITY COMMITTEES

Finance and Resources Committee*

Richard Lloyd-Owen (Chair) (1/1)
Louise Evans (4/4)
Professor Michael Gunn (3/4)
Professor Julie Lydon (4/4)
Michael Stevens (3/4)
Chris Sutton (4/4)
Steve Wilson (1/1)

Human Resources Committee

Debbie Jones (Chair) (1/1)
Louise Evans (1/1)
Professor Michael Gunn (1/1)
Professor Julie Lydon (1/1)
Graham Edwards (0/1)
Hugh Jones (co-opted) (1/1)
Shannon Lee (1/1)

Senior Staff Pay Committee

Professor Michael Gunn (Chair) (1/1)
Debbie Jones (1/1)
Louise Evans (0/1)
Richard Lloyd-Owen (0/0)
John Derrick (1/1)
Chris Sutton (1/1)
Graham Edwards (0/1)
Professor Julie Lydon (1/1)
Angela Lewis (1/1)
Shannon Lee (1/1)

Remuneration Committee

Professor Michael Gunn (Chair) (1/1)
Debbie Jones (0/1)
Louise Evans (1/1)
Richard Lloyd-Owen (0/1)
John Derrick (0/1)
Chris Sutton (1/1)
Graham Edwards (0/1)
Angela Lewis (1/1)
Cobi Flowers (0/1)
Kay Dennis (1/1)

Academic Board

Chairperson: Professor Julie Lydon (2/3)

Up to eight senior staff nominees of the Vice-Chancellor:

Dr Ben Calvert (3/3)
Professor Paul Harrison (2/3)
Professor Martin Steggall (3/3)
Mark Milton (3/3)
Professor Dylan Jones-Evans (3/3)
William Callaway (3/3)

Deans of faculty and the Principal of RWCMD or nominee:

Dr Stewart Eyres (2/3)
Professor Barry Atkins (2/3)
Dr Linda Evans (3/3)
Professor Helena Gaunt (1/3)

Audit Committee*

Alison Phillips (Chair) (3/3)
Professor Philip Gummatt (3/3)
David Francis (1/1)

*There is no cross-representation between the Finance and Resources and Audit Committees.

Nominations and Governance Committee

Louise Evans (Chair) (1/1)
Professor Michael Gunn (1/1)
Dr Louise Bright (1/1)
Chris Sutton (1/1)
John Derrick (1/1)
Professor Julie Lydon (1/1)

Culture People and Values Committee^v

Professor Michael Gunn (Chair) (1/1)
Louise Evans (1/1)
Professor Julie Lydon (1/1)
Kay Dennis (1/1)
Debbie Jones (1/1)
Sanjay Balakrishnan (1/1)
Sion O'Connor (0/0)
John Derrick (0/1)
Chris Sutton (1/1)
Angela Lewis (1/1)
Louise Bright (1/1)

^v The Culture People and Values Committee was created in June 2021, which brought together the work of the Senior Staff Pay, Nominations and Governance and HR Committees.

Up to four heads of academic related areas nominated by the Vice-Chancellor:

Nathalie Czechowski (3/3)
Dr Louise Bright (3/3)
Dr Steve Lake (3/3)
Dr Clare Kell (2/3)

Eight elected members of academic staff:

Dr Jeroen Nieuwland (3/3)
Lewis Fall (3/3)
Kelly Wegener (0/0)
Jill Barnes (2/2)
Professor Jennifer Austin (2/2)
Julie Prior (3/3)
Dr Palash Kamruzzaman (3/3)
Dr Rachel Grainger (2/3)

One member of non-academic staff elected by the non-academic staff:

David Sinclair (3/3)

One member of the professoriate elected by the professoriate:

Professor Denis Murphy (0/2)
Professor Ifio Okotung (1/1)

Two students nominated by the Students' Union:

Shannon Lee (2/2)
Lois Jones (2/2)
Cobi Flowers (1/1)
David Pye (1/1)

Up to three members co-opted by the Chair:

Angela Lewis (3/3)

() Attendance information is provided for members serving during the year ended 31 July 2021, expressed as the number of committee meetings attended out of a total number of meetings the member was due to attend.

KEY COMMITTEES RESPONSIBILITIES

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee is responsible for advising the Board on long-term financial strategies. The Committee approves the financial regulations including any financial policies therein; approves the University's insurance and banking arrangements; approves and recommends expenditure proposals, contracts and grant applications; approves the Students' Union budget for each year in advance and monitors its expenditure. The Committee recommends to the Board annual revenue and capital budgets and longer-term forecasts. It receives regular reports on financial performance (revenue and capital) and financial position and monitors these reports against budget. It develops and maintains an appropriate treasury and investment policy; it monitors borrowing levels and requirements, liquidity and the investment of surplus funds in line with that policy and reports to the Board at least annually. It receives regular reports and accounts for the operation of any trading subsidiary.

The Finance and Resources Committee recommends to the Board an annual Estates Programme, including all property maintenance and building projects, and makes recommendations to the Board on the proposed acquisition, sale or lease of property and land. It reviews the ICT Strategy and the Estates Strategy including the monitoring of the financial risks of ICT and Estates activities. It considers any other significant transactions and makes recommendations to the Board. It reviews the financial aspects of research activity and reviews the strategic risks affecting the University for those areas covered by the Committee's terms of reference and any specific risks assigned to it by the Board.

In conjunction with the Audit Committee, it considers the consolidated annual financial statements of the University and its subsidiaries, prepared and duly audited in accordance with Schedule 7 of the Education Reform Act in the presence of the external auditors.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the process for ensuring the effectiveness of the financial and other internal control systems. It considers and advises the Board on the appointment of internal auditors and reviews their reports, including follow-up reports on implementation and the scope and effectiveness of their work. It considers and advises the Board on the appointment, independence and effectiveness of the external auditors, reviews the financial statements of the University and its subsidiaries, and considers progress reports on areas of significant risk affecting the University. It also receives reports from the funding council's audit service as they affect the University and monitors adherence with regulatory requirements. It monitors the performance and effectiveness of the external and internal auditors and makes recommendations to the Board concerning their reappointment, where appropriate.

In conjunction with the Finance and Resources Committee, it considers the consolidated annual financial statements of the University and its subsidiaries, prepared and duly audited in accordance with Schedule 7 of the Education Reform Act in the presence of the external auditors. It will ask for assurances from external auditors that the accounts of the subsidiaries are drawn up in accordance with Companies Act requirements.

CULTURE PEOPLE AND VALUES COMMITTEE

The Culture People and Values Committee is responsible for overseeing how USW values are incorporated into the culture of the University and the behaviours of its staff, consider how the decisions of the Board and its committees adhere to the Principles of Public Life (Nolan Principles) and the values of USW, and review the culture amongst the staff and student population and assess how the measures in place are embedding USW values into the behaviours of the USW community.

It is responsible for approving the University's health and safety policy, and for keeping under review and advising the Board on arrangements for health and safety in the University. It is responsible for developing and advising the Board on long-term employment strategy. Except where the Board specifically determines that matters be reserved for Board approval, it approves on behalf of the Board such policies and procedures in respect of employment which are expressly mentioned in the Articles of Government and/or which could potentially lead to the dismissal of an employee.

It is responsible for making recommendations to the Board on the framework for the pay and conditions of staff other than the Vice-Chancellor and other holders of senior posts and makes recommendations to the Board on rules governing staff conduct, staff dismissal and grievance procedures. It also advises the Board on other staffing and employment matters including equality-related matters requiring a decision by the Board, and advises the Board on the promotion of equality of opportunity.

The Committee advises the Board as appropriate on issues related to the Welsh Language. The Committee makes recommendations to the Board on the arrangements for the appointment of members and officers of the Board of Governors. It is responsible for the consideration of succession planning for Board members and the evaluation of the balance of skills, knowledge and diversity of the Board. It is also responsible for making recommendations as to membership of Board committees.

It is responsible for advising the Board on the remuneration of the Executive, and for approving recommendations from the Vice-Chancellor on the remuneration of Deans of Faculty, Directors and equivalent level three posts reporting to members of the Executive. It reviews the remuneration of the Principal of MTC and the Principal of RWCMD and makes recommendations to the College Boards of Directors. It makes recommendations to the Board on severance payments to the Executive, and the Clerk to the Governors. It considers institutional interest, sustainability and reputation as well as the public interest and the safeguarding of public funds as part of its deliberations and must require comparative information to inform its decisions.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising the Board on the remuneration of the Vice-Chancellor. It makes recommendations to the Board on severance payments to the Vice-Chancellor. It considers institutional interest, sustainability and reputation as well as the public interest and the safeguarding of public funds as part of its deliberations and must require comparative information to inform its decisions.

ACADEMIC BOARD

The Academic Board is responsible for general issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students; the appointment and removal of internal and external examiners; policies and procedures for assessment and examination of the academic performance of students; the content of the curriculum; academic standards and the validation and review of courses; the procedures for the award of qualifications and honorary academic titles; and the procedures for the expulsion of students for academic reasons. Such responsibilities shall be subject to the requirements of validating and accrediting bodies. It considers the development of the academic activities of the University and the resources needed to support them and for advising the Vice Chancellor and the Board of Governors thereon; and advises on such other matters as the Board of Governors or the Vice Chancellor may refer to the Academic Board.

FINANCIAL REVIEW

PRINCIPAL OBJECTIVES

The principal objectives of the University, in accordance with section 124 of the Education Reform Act 1988 (as amended) 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 but are not limited to, knowledge transfer, consultancy and the provision of accommodation, catering and conference services.

FINANCIAL STRATEGY

Our financial strategy is designed to ensure the long term financial viability and sustainability of the University group (Group) through the creation of an operating environment in which staff are accountable and responsible for the efficient and effective stewardship of our resources.

We continue to maintain and build on our successful financial management in meeting the opportunities and challenges of a constantly evolving higher education landscape. To do this, we will generate cash required to support our strategic programmes and our ability to maintain and enhance our infrastructure. We will control costs, making sound strategic decisions on activities that are either financially sustainable or are in alignment with the University Strategic Plan.

The Group 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	2020/21 %	2019/20 %	2018/19 %
Operating Surplus	2.9	(0.3)	1.2
Surplus/Deficit	2.6	(0.6)	1.6
EBITDA	12.2	11.7	11.5
Staff Cost	60.1	59.6	59.0

Despite the operating challenges presented by COVID-19 the Group improved its financial position during the financial year. A degree of this performance improvement should be considered one-off in nature, the most material items being:

- Reduced depreciation charge of £2.7m in 2020/21 resulting from change in depreciation policy and capital expenditure being paused during the pandemic.
- Release of provisions amounting to £1.2m
- Welsh Government Covid-19 revenue funding support £0.5m

During the year we undertook other cost control measures to enable us to handle the impact of Covid-19 on our income (mainly reduced tuition fee income and ancillary income from our catering, conferencing and accommodation activities) which included tight cost controls on non-staff expenditure, and not replacing staff who left the Group unless absolutely critical.

FINANCIAL SUSTAINABILITY

Overall we are expecting a return to pre-pandemic levels of income for tuition fees in 2021/22 albeit that the mix of fees may be more heavily weighted towards overseas students as that market has proven more successful for us than we anticipated which has helped us offset the impact of increased competition for students in the home market.

In the medium to longer terms we anticipate that realising student growth in the highly competitive home and international markets will be challenging. 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 and mode of delivery where appropriate. 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.

Full-time home and EU undergraduate fees remain capped at £9,000 with no increase to reflect inflation. This presents challenges as we have a potentially flat income stream but are still subject to significant inflationary pressures from staff pay awards, additional pension scheme costs, and general inflation.

USW will continue to be financially sustainable in the context of a dynamic higher education environment through the delivery of its 2030 strategy. Our vision is clear, we want to change lives and our world for the better. Our world is changing at an intense pace and it is our job to equip our students with the skills, knowledge and experience required to maximise their potential and future opportunities in the world of work.

Working in collaboration with industry, our research and innovation will tackle some of the biggest global challenges from energy to health to security and providing answers to real world problems.

Over the next decade, our ambitions are to:

- Be a large, regional University with a distinctive full-time and part-time academic offer that is attractive to both home and global markets
- Provide an excellent, inclusive, engaged student experience
- Ensure our students successfully complete their studies and secure employment in their areas of expertise
- Engage with partners to maximise our impact on their endeavours
- Commit to improving the future well-being of the communities we serve through individual and collective action
- Provide opportunities for students across the region and beyond to participate in and progress to higher education
- Be an engaged, values-based employer
- Be financially sustainable

We have significant financial resources available to us as a University as well as good year on year cash generation ability. We are currently developing our investment plans to deliver the 2030 strategy including our estates masterplan and digital strategy. Further detail on our financial metrics is included in the Financial Strategy section and key risks are addressed in the Principal Risks and Uncertainties section.

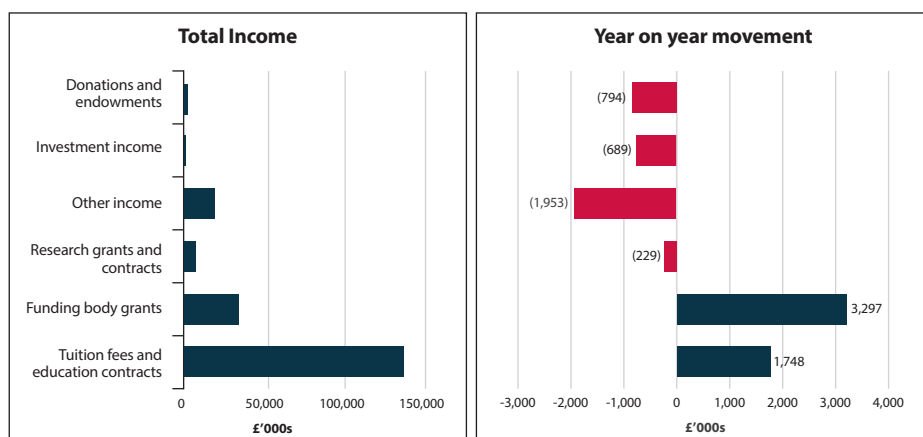
ANNUAL FINANCIAL STATEMENTS

The annual financial statements comprise the results for the University consolidated with the results of its subsidiaries.

Financial Performance 2020/21

- ▲ **Income has increased by 0.7% to £200.2m.**
- ▲ **Total expenditure items has decreased by 2.5% to £194.4m.**
- ▲ **Operating Surplus has increased by £6.3m to £5.8m.**
- ▲ **Cash generated from operations increased by £36.6m to £59.3m.**
- ▲ **Net assets have increased by £20.7m to £75.4.**

INCOME



- Tuition fees have increased by £1.7m to £139.9m mainly as a result of the increase in market share of overseas students.
- Recurrent funding body grants have increased by £3.3m which is mainly due to an increase in funding from the Welsh Assembly Government (DCELLS) by £1.8m to support the College, Merthyr Tydfil and an increase in funding from HEFCW to support the University and RWCMD with COVID 19 related activities.
- Research grants and contracts have decreased slightly by £0.2m, this is largely due to the impact of COVID 19. Many projects including large EU funded activity have sought no-cost extensions in order to recover from this impact and have extended their end dates to meet contractual obligations. These extensions and new research projects awarded in 2021 should see research income increase.
- Other income has decreased by £1.9m. Residences, catering and conferencing has fallen by £3.6m due to the coronavirus pandemic. This forced the closure of some of the catering and conferencing facilities and the decision to refund student accommodation fees for the final term. The pandemic has also restricted the ability to generate other income by hiring of facilities and car parking. This has been offset by funds received from the Insurers mainly in relation to the CAPSE fire which has been recognised in USWCS for business interruption.
- In May 2020, a fire caused damage to the building and equipment used for specialist automotive testing in the Centre for Automotive & Power System Engineering (CAPSE) building and resulted in a period of business interruption.

EXPENDITURE

Staff costs as a percentage of income have risen slightly year on year largely as a result of the challenges to income resulting from the Covid-19 pandemic and the continued challenge of fixed tuition fees. We have continued to manage our cost base prudently given these income challenges and although staff costs increased in absolute terms by £1.8m, the pension service cost less deficit payments for the Local Government Pension Fund increased by £2.4m which resulted in a decrease in actual staff costs for the Group.

Other operating costs of £55.5m have decreased during the year by £1.5m. As part of our response to the Covid-19 pandemic our general spend was reduced by £2.4m. Of this travel accounted for a reduction of £0.9m which would normally be spent on travel & subsistence and funding of field trips; saving in utilities and waste disposal accounted for £0.9m following effective closures of campuses to students and staff in line with Government policy; The reduction of catering facilities also meant consumables expenditure reduced by £0.6m; These savings have been offset by increased fees paid to Overseas agents for commission of £0.5m which is linked to increased number of students from overseas. Spend on Personal Protective Equipment and Health & Safety materials has increased by £0.3m.

A review of the fixed asset register for completeness and its useful economic lives has contributed to reduction in depreciation of £2.7m.

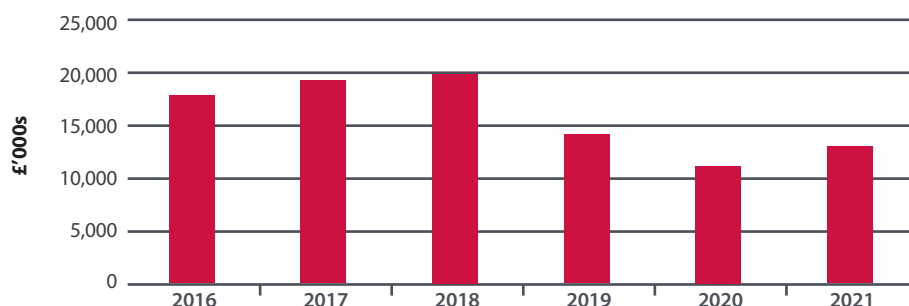
In July 2021, a review of the fixed rate loan with Santander plc was undertaken and it was decided to break the current interest rate of 6%. This triggered break costs of £0.5m which have been recognised in this financial year. The loan was refinanced with HSBC in August 2021 at a floating rate of SONIA plus 1.5%.

CAPITAL INVESTMENT

We have continued to invest year on year in our capital infrastructure and equipment. During this academic year we have spent £12.9m on facilities to ensure the best possible experience for our students and their academic success. The vast majority of this was made possible through the receipt of Welsh Government capital funding to support Higher Education Institutions in Wales through the pandemic and therefore we will release this funding through deferred income to match future depreciation charges.

The key areas of investment during the year include:

- £5.7m on audio visual equipment and computer equipment to enable a flexible working environment for employees and students.
- £0.4m on low carbon initiatives.
- £0.4m on electric vehicles and charging station.
- £1.0m on replacement of damaged equipment on testing chambers for long term testing of electrical cycling of batteries.
- £1.6m has been spent on energy and sustainability projects.
- £1.3m on upgrading equipment and facilities in Engineering, Sports Laboratories, Clinics and Studios across campuses.
- £0.8m on upgrading facilities and maintaining structures to the buildings across the campuses.
- £1.1m at MTC on enhancing the IT facilities for staff and students and further enhancements to the buildings and workshops.
- £0.2m at the RWCMD as part of a programme of investment in digital technology which has the capability to capture media, record and share in teaching and rehearsal spaces.



FIXED ASSETS

Impairment tests were undertaken on the buildings within the Group in line with the University's 2030 Strategy. There were no impairments identified to the fixed assets in this financial year

A review of the useful economic life of the University assets was undertaken and it was determined that scientific equipment used in laboratories and as part of teaching were being used beyond the 5 year policy. These assets were given a revised useful economic life of 10 years.

CASH FLOW AND FINANCING

The Group has generated cash flow from operating activities of £59.4m (2020 £22.8m)

The net funds position (cash and invested balances less bank loans) has increased from £59.5m to £107.0m. This includes long term bank loans of £52.2m (2020 £57.8m). The loans are subject to financial covenants, all of which have been complied with during the year.

The Group holds £159.3m (2020 £117.3m) 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 four pension schemes, the Teachers Superannuation Scheme (TSS), the Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF), the Universities Superannuation Scheme (USS) and Scottish Widows Personal Pension Fund.

The deficit of the RCTPF has decreased slightly from £182m to £180m. This decrease is mainly due to interest rates stabilizing and resulting in a higher discount rate which reflects the current amount of pension obligation.

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. As part of the USS deficit recovery plan, the agreed deficit contribution rate of 2% resulted in a deficit liability of £183k.

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 2020, the Board of Governors, on the advice of its Remuneration Committee, kept the salary of the Vice-Chancellor at £229,000.

The Remuneration Committee considered the remuneration of the outgoing Vice-Chancellor and were provided with comparative data which compared the Vice-Chancellor's pay with different groups of comparable institutions across the higher education sector. The comparator groups considered were those with similar contexts to the University of South Wales. The comparator groups included Welsh universities; post-1992 universities with comparable turnovers; and those with slightly less turnover; all post-1992 universities; and members of the University Alliance. (The University of South Wales is a member of the University Alliance.) The Committee noted that the Vice-Chancellor's remuneration was below the average of every comparator group. The Committee also noted that the Vice-Chancellor's performance was reviewed annually and throughout the year by the Chair. The performance of the Vice-Chancellor against agreed objectives and the organisation's agreed key performance indicators were discussed and considered by the Chair and Vice-Chancellor in regular discussion throughout the year. The Chair indicated that she was happy with the Vice-Chancellor's performance in this and previous years. The Chair was also thankful for the Vice-Chancellor's leadership of the University (and UnisWales) during the Covid-19 pandemic. The Chair believed that the Vice-Chancellor's leadership had been excellent in unprecedented conditions and beneficial to both the University and Welsh higher education more generally given her leadership role with UnisWales. The Chair also noted that the Vice-Chancellor was due to retire at the end of the summer, her replacement had been appointed, and also noted there was no severance payment associated with Professor Lydon's retirement. The Committee judged that the Vice-Chancellor's performance remained good and that in comparison to others was less well remunerated than the average of every comparator group. The Committee were content with the Vice-Chancellor's remuneration and noted given the imminent retirement of Professor Lydon no further discussion was either necessary or warranted.

The Committee also considered the appointment of the incoming Vice-Chancellor and with the same sector data and with the knowledge of the remuneration of the current Vice-Chancellor were happy to confirm earlier discussion with members of the Vice-Chancellor Search Committee to set the new Vice-Chancellor's remuneration at the same level as his predecessor's. No discussion as to performance was necessary (or relevant) as the new Vice-chancellor was not due take up his new role until 1 September 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Financial sustainability: The impact of the coronavirus pandemic has created significant uncertainty and disruption in the economy and especially to the HE Sector. It has brought many financial and operational challenges and continues to disrupt the ability to recruit both home and overseas students. Operating in a highly competitive market where tuition fee levels are restricted and expenditure is 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 Group 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.

Reputation: The Group league table position continues to strengthen and has the potential to impact on both recruitment of students, high calibre research and teaching staff.

Student recruitment and retention: The Group has a stated ambition to be the University of choice in Wales and beyond for students who value vocationally-focused education and applied research. COVID 19, the lifting of the student number cap in England and the future demographic of students provides uncertainty and 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.

Information security: The loss of data or control of our data caused by digital attacks, negligence, physical loss or human error could jeopardise the smooth operation of the University and/or result in a failure to comply with legislation resulting in financial penalties, additional costs and reputational damage. In order to mitigate this risk the University will continue to invest in strengthening its cyber defences.

The Governing Body have concluded, with regards to the most recent projections available, that both the Group and University have in place sufficient funding to operate on a going concern basis. This will allow the continual trading and the ability to meet its liabilities to third parties as they fall due for the foreseeable future.

COMMITMENT TO SUSTAINABILITY

In 2020/21, USW introduced a USW Carbon Strategy (2020-30), which recognises that decarbonisation is an essential requirement to operate and maintain a sustainable university environment - part of the University's 2030 Strategy. It sets out our ambition to be carbon neutral by 2040, and sets six strategic targets against the areas that require the most focus to achieve net zero:

1. Procurement and supply chain
2. Electricity and gas consumption in buildings
3. Water consumption in buildings
4. Emissions from waste
5. Business travel and low carbon travel
6. Policy and behavioural change

Alongside this a ten-year USW Carbon Roadmap was published, which considers the actions across the university that need to be taken to decarbonise. It sets a number of key milestones for USW to achieve to remain on track to net zero, and documents a roadmap of clear, feasible, and cost-effective actions to net zero.

Throughout 2020/21, a number of steps have been taken to progress sustainability at USW.

Green initiatives

- The University approved an ambition to be carbon neutral by 2040.
- To help us achieve that ambition, a sustainability committee has been established, chaired by USW's Chief Operating Officer, to provide the leadership, co-ordination, and guidance to promote, develop, and implement sustainability initiatives across all areas of the University.
- Six key sustainability focus groups have also been formed which are attended by colleagues and students to develop and implement sustainability initiatives across the university.
- Students and colleagues (62 to date) have also volunteered to be sustainability champions, to help drive forward sustainability work at USW.

Waste

- Single use cups were removed from all of USW's catering outlets. To support this, the USW Cup scheme was launched for students and staff - a deposit/return initiative.
- We saved 250 meals and 625 CO₂e, working in partnership with Too Good To Go. This partnership allows us to save surplus portions from our retail grab and go pre-packaged ranges, reducing waste by selling a bag of products at a reduced price to colleagues and students.

Travel

- 12 additional electric vehicle stations were installed across USW estate (at our Glyntaff and Treforest campuses, including at our halls of residence).
- Seven new electric fleet vehicles were procured for the Estates and Facilities maintenance team.

Biodiversity

- 89 trees and 600 m² of wildflower meadow has been planted across Glyntaff and Treforest campuses.

Energy

- We installed 100 kW of solar PV on our FitZone roof at the Treforest Campus.
- There have been investments in numerous LED lighting initiatives.
- Pipework has been upgraded across all campuses with thermal insulation.

Carbon Footprint

- We created our first carbon footprint, using our 2018/19 financial year as our baseline. Since then, we have created two further carbon footprints and are monitoring our progress towards our 2040 ambition. Using this information, we now know that we have reduced our carbon emissions by 27% since 2018/19, however we realise much of this will be impacted by the global pandemic so we will be monitoring our impact closely over the next year to understand how this has changed our emissions and environmental impact.
- Since 2013, USW has achieved a 32% reduction in what are known as Scope 1 and Scope 2 emissions – those that we make directly through things such as boilers and vehicles, and indirect emissions such as the electricity or energy we buy.

PUBLIC BENEFIT STATEMENT

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

We provide, maintain and improve facilities and services for the benefit of the student body and our local communities, e.g. accommodation, catering, sporting facilities, performance space and public amenities (e.g. chiropractic clinic). We also have due regard to any detrimental harm that may arise from our activities and, particularly, to the impact of our campus developments on our immediate localities. We aim to minimize this impact through extensive community discussion and consultation in addition to working closely with the relevant local authorities.

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. The University has adopted the Governance Charter for Universities in Wales and is working on the implementation of the Governance Charter for Universities in Wales and reviewing the Commitment to Action.

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 Ltd (RWCMD) and the Merthyr Tydfil College Ltd (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;
- Ensuring that effective control systems are in place 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 service;
- The identification and management of risk embedded in all business systems;

Regard for the Committee of University Chairs Code of Governance. 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 Executive 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 termly 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, Quality Assurance Agency, 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 year ended 31 July 2021 has seen a significant review of the University's risk management processes. As well as improvements in reporting of the risk register the University has developed graphical representations to show the inter-relations and relative importance of risks on the corporate register.

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 2021 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 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 Chair and Deputy Chair of the Board are separated from the role of the University's Vice-Chancellor (as Chief Executive). 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 for the majority of the year ended 31 July 2021 had three standing Committees (Finance and Resources, Human Resources and Audit). In addition, a Nominations and Governance Committee made recommendations to the Board on membership and Senior Staff Pay and Remuneration Committees on the remuneration of senior management. In June 2021, as part of the implementation of the Governance Charter and Commitment to Action and the CUC Code, the University introduced a Culture People and Values Committee, which brought together the work of the Human Resources Committee, Nominations and Governance Committee and Senior Staff Pay Committee.

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.

STATEMENT OF INTERNAL CONTROL

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 Vice-Chancellor's Executive Board. 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

REVIEW OF EFFECTIVENESS AND COMMITTEE OF UNIVERSITY CHAIRS CODE OF GOVERNANCE

The Board of Governors concluded a review of effectiveness in 2015/16, which carefully considered the CUC Code. The next review had been planned to commence in the summer of 2020, but in July 2020 the Board agreed to defer this for a year whilst the considerations of the new CUC Code and the Governance Charter for Universities in Wales were ongoing, in addition to the impact of the current pandemic. When making this decision, the Board noted that consideration was currently being given to the revised CUC Code, the Governance Charter for Universities in Wales and the Commitment to Action, the tenure of Board members and a proposal to develop a Culture People and Values Committee. This illustrated that consideration of issues that may improve or enhance effectiveness were not being deferred. The Board of Governors considered the remit, terms of reference and composition of the review in September 2021, and aims to commence the review in 2021, with the final report being presented to the Board of Governors in July 2022.

In February 2020, the Nominations and Governance Committee received an analysis of the University's compliance with the new CUC Code, noting that in the majority of areas the University was compliant, with a small number of areas needing to be reviewed. In June 2020 the Nominations and Governance Committee received an update on the analysis of the Code. Documents were reviewed to ensure that references within the Code were explicit, and in particular the Committee considered the need to appoint a Senior Independent Director. The Committee was content that this was not necessary, as the Board has an unremunerated independent Chair, a Deputy and a Chair of the Audit Committee. It was agreed that the Deputy Chair should lead the appraisal of the Chair, and the Chair would appraise the Deputy. It was also noted that the Clerk to the Governors also acts as an intermediary for other Board members when necessary. It was proposed that the element of the Code relating to a separate ethical framework for the University, in addition to the Nolan Principles, should be considered by the review of effectiveness in 2021, and noted that the register of interests of members of the governing body would be published on the University's website.

GOVERNANCE CHARTER FOR UNIVERSITIES IN WALES AND COMMITMENT TO ACTION

The Board received an update on the implementation of actions from the Governance Charter for Universities in Wales and the Commitment to Action plan in September and November 2020. The report confirmed partial compliance and progress towards full compliance with the Commitment to Action.

INDUCTION, DEVELOPMENT, AND IMPROVING EFFECTIVENESS

The University Board constantly reviews its effectiveness through the Nominations & Governance Committee, recently (June 2021) merged into the Culture People & Values Committee. There will be a formal review of effectiveness in 2021/22. Changes in 2020/21 as a result of the Camm Review and other considerations include the creation of the Culture People & Values Committee with the existing committee responsibilities of employment policy, EDI, Welsh language, health & safety, nominations, governance, senior pay and the additional responsibilities for culture & values. In addition, the Board has commenced a rolling programme of 360° appraisals beginning with the Chair of the Board. The Board has re-instated an annual rolling programme of governor links with different parts of the University and commissioned a rolling programme of inductions sessions (available to all governors) from different parts of the University which commences in autumn 2021. The University will in 2021/22 review its existing programme of induction which includes HEFCW/ Advance HE events internal sessions with management, lay governors, 'buddies' and a general induction session.

EQUALITY, DIVERSITY AND INCLUSION

The Board through its Nominations & Governance Committee, now Culture People & Value Committee has had a stated goal of a Board that reflects the diversity of the region it serves. The Board has had a gender balance in recent years and some significant diversity. In 2020/21 the University with the use of adverts and search agents appointed five new governors, the appointments moved the Board forward in terms of a number of aspects of diversity but lost ground on its gender balance. The Board has reflected whilst continuing to strive for all areas of diversity it will with its next lay governor recruitment seek to re-reach the gender balance it achieved over recent years. All lay governor recruitment is informed by a Skills (Experience & Diversity) Matrix which is regularly updated. All lay governors are asked to supply diversity information that mirrors that of staff and students.

GOVERNORS RESPONSIBILITIES

STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Memorandum of Assurance and Accountability issued by the Higher Education Funding Board of Governors for Wales (HEFCW) and applicable law and regulations and applicable law and regulations.

They are required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the requirements of the Charities Act 2011

The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction to Higher Education Institutions for 2020/21 issued by HEFCW.

The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are required to:

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

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

The Board of Governors are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and the Financial Management Code have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

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

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF SOUTH WALES

Report on the audit of the financial statements

OPINION

We have audited the financial statements of University of South Wales ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Balance Sheets, the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated Cash Flow Statement and related notes, including the Statement of Principle Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR OPINION

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

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

GOING CONCERN

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

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

Our conclusions based on this work:

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

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

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

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

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

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and research income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals made to unrelated accounts, those made to unusual or seldom-used accounts, entries containing particular words in the description and postings made by individuals who do not typically make journal entries.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify tuition fee and research income had been recognised in the correct accounting period.
- Performing sample testing of research income to verify revenue has been recognised in line with performance-related conditions and substantively testing costs where revenue has been recognised in line with expenditure.

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

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

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

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

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

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

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

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

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

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

OTHER INFORMATION

The Board of Governors is responsible for the other information, which comprises the Financial Review, Public Benefit Statement and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- based solely on that work, we have identified material misstatements in the other information; and
- in our opinion the information given in the Financial Review, Public Benefit Statement and Corporate Governance Statement is consistent with the financial statements.

We have nothing to report in these respects.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

BOARD OF GOVERNORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 42, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

AUDITORS RESPONSIBILITIES

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

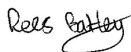
We are required to report on the following matters prescribed in the Higher Education Funding Board of Governors for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them and used for the purposes for which they were received; and
- the requirements of HEFCW's accounts direction have been met.

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

This report is made solely to the Board of Governors and in accordance with Section 4 of the University's Charter and Statutes and section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

30 November 2021

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME

Income	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Tuition fees and education contracts	1	139,867	128,335	138,119	126,801
Funding body grants	2	32,677	15,247	29,380	13,859
Research grants and contracts	3	8,246	6,025	8,475	6,345
Other income	4	17,800	12,622	19,753	17,639
Investment income	5	571	503	1,260	1,175
Donations and endowments	6	1,051	-	1,845	-
Total income		200,212	162,732	198,832	165,819
Expenditure					
Staff costs	7	120,307	99,529	118,460	98,770
Other operating expenses		55,579	45,056	57,126	48,327
Depreciation and amortisation	11,13	13,673	10,110	16,356	13,466
Interest and other finance costs	8	4,875	4,312	7,435	6,771
Total expenditure	9	194,434	159,007	199,377	167,334
Surplus/(Deficit) before other gains and losses		5,778	3,725	(545)	(1,515)
Loss on disposal of fixed assets		(586)	(616)	(688)	(219)
Surplus/(Deficit) before tax		5,192	3,109	(1,233)	(1,734)
Taxation	10	19	-	4	-
Surplus/(Deficit) for the year		5,211	3,109	(1,229)	(1,734)
Actuarial gain/(loss) in respect of funded pension scheme	28	14,582	13,970	(19,578)	(18,706)
Actuarial gain in respect of unfunded pension scheme	22	-	-	87	-
Increase/(Decrease) in market value of Endowment Asset Investments		425	80	(182)	(35)
Total comprehensive expense for the year		20,218	17,159	(20,902)	(20,475)
Represented by:					
Endowment comprehensive income/(expense) for the year		452	87	(186)	(33)
Restricted comprehensive (expense)/income for the year		(336)	-	626	-
Unrestricted comprehensive income/(expense) for the year		20,102	17,072	(21,342)	(20,442)
		20,218	17,159	(20,902)	(20,475)

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

Consolidated	Income and Expenditure Reserve			Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s
Balance at 1 August 2020	3,207	1,740	49,753	54,700
Surplus/(Deficit) from the income and expenditure statement	27	(337)	5,521	5,211
Other comprehensive income	425	-	14,582	15,007
Re-allocation of Group Reserves	-	-	452	452
Total comprehensive income/(expense) for the year	452	(337)	20,555	20,670
Balance at 31 July 2021	3,659	1,403	70,308	75,370
University	Income and Expenditure Reserve			Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s
Balance at 1 August 2019	3,393	1,114	71,095	75,602
(Deficit)/Surplus from the income and expenditure statement	(4)	626	(1,851)	(1,229)
Other comprehensive expense	(182)	-	(19,491)	(19,673)
Total comprehensive (expense)/income for the year	(186)	626	(21,342)	(20,902)
Balance at 31 July 2020	3,207	1,740	49,753	54,700
University	Income and Expenditure Reserve			Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s
Balance at 1 August 2020	732	-	48,583	49,315
Surplus from the income and expenditure statement	7	-	3,102	3,109
Other comprehensive income	80	-	13,970	14,050
Total comprehensive income for the year	87	-	17,072	17,159
Balance at 31 July 2021	819	-	65,655	66,474
University	Income and Expenditure Reserve			Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s
Balance at 1 August 2019	765	-	69,025	69,790
Surplus/(Deficit) from the income and expenditure statement	2	-	(1,736)	(1,734)
Other comprehensive expense	(35)	-	(18,706)	(18,741)
Total comprehensive expense for the year	(33)	-	(20,442)	(20,475)
Balance at 31 July 2020	732	-	48,583	49,315

CONSOLIDATED AND UNIVERSITY BALANCE SHEET

		At 31 July 2021		At 31 July 2020	
	Notes	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Non-current assets					
Intangible assets	11	819	735	956	886
Negative goodwill arising on acquisition	12	(561)	-	(594)	-
Tangible Fixed assets	13	248,862	189,745	250,101	190,096
Heritage assets	14	500	-	500	-
Investments	15	-	2,056	-	2,056
Other assets		135	-	135	-
		249,755	192,536	251,098	193,038
Current assets					
Inventory	16	163	75	249	78
Trade and other receivables	17	13,512	16,953	17,548	23,009
Investments	18	141,192	127,111	103,443	92,907
Cash and cash equivalents	24	18,092	8,799	13,870	4,747
		172,959	152,938	135,110	120,741
Less: Creditors: amounts falling due within one year	19	(58,549)	(48,470)	(43,998)	(34,989)
Net current assets		114,410	104,468	91,112	85,752
Total assets less current liabilities		364,165	297,004	342,210	278,790
Creditors: amounts falling due after more than one year	20	(104,005)	(65,090)	(101,178)	(61,555)
Provisions					
Pension provisions	21	(180,381)	(161,080)	(181,762)	(163,638)
Other provisions	21	(4,409)	(4,360)	(4,570)	(4,282)
Total net assets		75,370	66,474	54,700	49,315
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	3,659	819	3,207	732
Income and expenditure reserve - restricted reserve	23	1,403	-	1,740	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		70,308	65,655	49,753	48,583
Total Reserves		75,370	66,474	54,700	49,315

The financial statements were approved by the Governing Body on 29 November 2021 and were signed on its behalf on that date by:



Chair of the Board of Governors



The Vice-Chancellor

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 July 2021 £'000s	Year to 31 July 2020 £'000s
Cash flow from operating activities			
Surplus/(Deficit) for the year		5,211	(1,229)
Adjustment for non-cash items			
Depreciation	13	13,491	13,943
Amortisation of intangibles	11	182	174
Negative goodwill on acquisition of TTC	12	(33)	(33)
Impairment of Fixed assets	13	-	2,239
Decrease/(Increase) in stock	16	86	(98)
Decrease/(Increase) in debtors	17	4,037	(658)
Increase/(Decrease) in creditors	19	15,205	(434)
Increase of deferred income		7,728	455
Increase in pension provisions		13,201	9,598
Decrease in other provisions	21	(161)	(2,143)
Adjustment for investing or financing activities			
Investment income	5	(571)	(1,260)
Interest payable	8	2,385	4,150
Endowment income	22	(3)	-
Increase/(Decrease) in market value of endowment investments	22	425	(182)
Loss on disposal of fixed assets		726	710
Capital grant income		(2,528)	(2,427)
Net cash inflow from operating activities		59,381	22,805
Cash flows from investing activities			
Purchase of investments		(37,445)	(9,140)
Capital grants receipts		2,528	2,427
Investment income	5	571	1,260
Payment to acquire other assets		-	(135)
Payments made to acquire fixed assets	13	(12,978)	(10,282)
Payments made to acquire intangible assets	11	(45)	(50)
Proceeds from sale of fixed assets		140	-
		(47,229)	(15,920)
Cash flows from financing activities			
Interest payable	8	(2,385)	(4,150)
Endowment cash received		3	-
Repayments of amounts borrowed		(5,548)	(2,937)
		(7,930)	(7,087)
Increase/(Decrease) in cash and cash equivalents in the year		4,222	(202)
Cash and cash equivalents at beginning of the year	24	13,870	14,072
Analysis of cash and cash equivalents at end of the year:			
Short term bonds	24	1,856	1,865
Short term deposits	24	116	142
Cash at Bank and in hand	24	16,120	11,863
Total		18,092	13,870

ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES

a) Basis of Preparation

These Financial Statements have been prepared in accordance with the Higher Education Statement of Recommended Practice (SORP 2019): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The Group and the University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

b) Going Concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The Board of Governors have prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

We modelled three different income scenarios as part of our financial planning. We looked at different levels of student recruitment on Home/EU and Overseas recruitment as well as returning students. We also considered scenarios for lower ancillary income in accommodation, catering, conferencing and car parking but these income streams are much less significant for the University than tuition fee income. Mitigation options have been considered which include deferring capital expenditure programmes and reducing non-staff expenditure costs. Our actual performance is expected at this stage to be in line with the least pessimistic scenarios at the date of approval of these financial statements. At the balance sheet date the Group had £50m of outstanding bank debt. Investments, cash and cash equivalents totalled £159m at the same date.

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

c) Basis of Consolidation

The consolidated Financial Statements include the University and all its subsidiaries for the year ended 31 July 2021. Intra-group transactions are eliminated on consolidation.

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

d) Income Recognition

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

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

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

Government grants including; funding council block grant; research grants from government sources; other grants and donations from non government sources are recognised within the Consolidated Statement of Comprehensive Income over the periods to which the University recognises the related costs. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants including research grants and donations from non government sources, are recognised within the Consolidated Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Income in line with such conditions being met.

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

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

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the Financial Statements.

There are four main types of donations and endowments with restrictions:

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

e) Capital Grants

Capital grants received from government sources except for capital grants for land are deferred and released to the Consolidated Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Capital grants received from government sources for land are recorded in income when the University is entitled to the income subject to any performance related conditions being met.

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

f) Accounting for Retirement Benefits

The University participates in three principal defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS), the Rhondda Cynon Taf County Borough Council Pension Fund (RCTPF), and the Universities' Superannuation Scheme (USS).

The USS and TSS are a multi-employer scheme for which it is not possible to identify the assets and liabilities to university members due to the mutual nature of the scheme and therefore the scheme is accounted for as a defined benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

RCTPF – The Group's net obligation in respect of defined benefit pension plans (and other post employment benefits) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs. The liability discount rate is the yield at the balance sheet date on credit rated bonds denominated in the currency of the Group, and having taken into account maturity dates approximating to the terms of the Group's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs; the present value of benefits available in the form of any future refunds from the plan; reductions in future contributions to the plan or on settlement of the plan; and takes into account the adverse effect of any minimum funding requirements.

g) Employee Benefits

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

h) Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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

i) Operating Leases

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

j) Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency, the British pound (GBP), at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income.

k) Fixed Assets

Fixed assets are stated at actual cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on 1 August 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Expenditure incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Expenditure which does not either enhance an asset beyond its original condition or increase its expected economic life is charged to the Income and Expenditure Account.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Freehold Buildings – Up to 50 years

Plant and Machinery – 3 to 5 years

Fixtures and Fittings – 3 to 25 years

No depreciation is charged on assets under the course of construction.

Equipment, including computers, costing less than £5,000 per individual item is written off in the year of acquisition. Where the completed asset includes a number of components that are necessary for the asset to function as planned, then the aggregated value can be used to determine whether the asset capitalisation threshold is reached. All other equipment is capitalised.

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

Fixed assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

l) Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations.

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

Heritage assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

m) Borrowing costs

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

n) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and ten years, on a straight line basis.

Software costing less than £250,000 is written off in the of aquisition.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Negative Goodwill

Negative Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition.

Negative Goodwill is amortised over 20 years representing the remaining estimated economic life to which it relates. It is recognised in the Statement of Comprehensive Income in the periods expected to benefit.

Intangible assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

o) Investments

Non current investments are held on the Balance Sheet at amortised cost less impairment. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less Impairment in the University's accounts.

Non current investments are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

p) Inventory

Inventory is held at the lower of cost and net realisable value, and is measured using an average cost formula.

q) Financial instruments

Financial assets consist of trade and other receivables, current asset investments, cash and cash equivalents.

Trade and other receivable are initially recognised at transaction value, they are subsequently measured at amortised cost using the effective interest method. Where there is doubt over the recoverability of a debtor the amount is provided for the difference between the carrying amount and the present value of estimated future cash flows.

Current asset investments consist of corporate bonds and certificates of deposit which have a maturity greater than 3 months from acquisition. These are initially recognised at cost and subsequently measured at fair value with any gains or losses recognised in the income statement.

Financial liabilities includes trade and other payables, bank loans and public benefit concessionary loans.

Trade and other payables and bank loans are recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest rate method.

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

r) Cash and cash equivalents

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

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

s) Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

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

t) Taxation

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

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

The only Corporation Tax charge reflected in the consolidated financial information is the tax deducted at source by HMRC in respect of Research and Development Expenditure Credits (RDEC) recognised in the consolidated statement of comprehensive income and expenditure during the year.

u) Reserves

Reserves are allocated between Restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund to perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group participates in two additional defined contribution pension schemes, Scottish Widows and NEST.

1. PENSION

The University participates in three defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS), The Rhondda Cynon Taf County Borough Council Pension Fund (RCTPF) and the Universities' Superannuation Scheme (USS). The assumptions made are detailed within Note 29.

There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions on Note 29.

2. ENHANCED PENSION PROVISION

The provision for enhanced pension has increased slightly from £7.0m to £7.4m for the Group and from £6.1m to £6.4m for the University. This provision relates to the obligation to enhance previous employees' pensions under early retirement arrangements.

The liability has been calculated by the scheme actuary and accounted for in accordance with FRS102 as prescribed by the SORP: Accounting for further and higher education 2019.

3. DILAPIDATIONS

A review of our leased properties was undertaken to estimate the costs associated with dilapidations on these buildings. A cost per square foot was used in arising at a provision, which has been included during the year.

4. CONSOLIDATION STUDENTS' UNION

The Students' Union has not been consolidated into the group Financial Statements, as the University is not deemed to exert significant influence over the operating and financial policies of The Students Union to be considered an Associate or Subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

1. Tuition fees and education contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Full-time home and EU students	109,739	101,991	108,211	100,680
Full-time international students	20,982	19,194	19,933	18,225
Part-time students	9,146	7,150	9,975	7,896
Total	139,867	128,335	138,119	126,801

2. Funding body grants

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Recurrent grant				
Higher Education Funding Council	13,215	9,600	14,340	10,855
DCELLS	12,550	-	10,744	-
Specific grants				
Other	4,999	4,743	2,384	2,004
Capital grant	1,913	904	1,912	1,000
Total	32,677	15,247	29,380	13,859

3. Research grants and contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Research councils	950	950	682	682
Research charities	101	90	169	145
Government (UK and overseas)	1,877	1,690	1,994	1,659
Industry and commerce	2,386	385	2,156	405
Other	2,932	2,910	3,474	3,454
Total	8,246	6,025	8,475	6,345

NOTES TO THE FINANCIAL STATEMENTS

4. Other income

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Residences, catering and conferences		2,351	2,236	5,915	5,554
Other capital grants		615	460	515	467
Other income		14,801	9,926	13,290	11,618
Release of negative goodwill arising from acquisitions		33	-	33	-
Total		17,800	12,622	19,753	17,639

5. Investment income

		Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Investment income on endowments	22	74	12	81	17
Other investment income		497	491	1,179	1,158
Total		571	503	1,260	1,175

6. Donations and endowments

		Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
New endowments	22	3	-	-	-
Donations with restrictions	23	672	-	1,287	-
Unrestricted donations		376	-	558	-
Total		1,051	-	1,845	-

7. Staff costs

		Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Salaries		84,892	69,795	85,881	71,079
Social security costs		8,438	7,068	8,477	7,208
Movement on USS provision		(36)	(36)	(290)	(290)
Other pension costs		27,013	22,702	24,392	20,773
Total		120,307	99,529	118,460	98,770

Emoluments of the Vice-Chancellor:

		Year ended 31 July 2021 £'000s	Year ended 31 July 2020 £'000s
Salary		229	229
Benefits		3	4
		232	233

NOTES TO THE FINANCIAL STATEMENTS

7. Staff costs (continued)

	Year ended 31 July 2021 £'000s	Year ended 31 July 2020 £'000s
Remuneration of the Vice-Chancellor expressed as:		
Basic salary as a ratio of the median basic salary of all staff	6.38	6.58
Total remuneration as a ratio of the total remuneration of all staff	6.43	6.69

The remuneration of the Vice-Chancellor is set by the Remuneration Committee, which comprises of independent lay members of Council who possess relevant knowledge and expertise. The Vice-Chancellor is not in attendance and does not play any part in the discussions and decisions of her own remuneration.

The Remuneration Committee determines the remuneration according to a number of factors including, but not limited to:

- The Vice-Chancellor's leadership, management and academic experience within the higher education sector
- The breadth of leadership and financial responsibilities for the University
- The benchmarking of base salary against the annual salary of other Welsh Universities and institutions of comparable size and institutions with similar missions
- The performance of the University according to the strategy and agreed metrics

Further details on the remuneration of the Vice-Chancellor can be seen on page 34.

Remuneration of other higher paid staff, excluding employer's pension contributions:	Number	Number
£100,000 to £104,999	4	5
£105,000 to £109,999	2	1
£110,000 to £114,999	-	1
£115,000 to £119,999	2	2
£120,000 to £124,999	-	-
£125,000 to £129,999	1	1
£130,000 to £134,999	1	-
£135,000 to £139,999	1	1
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	1	1
	12	12

Key management personnel

The University considers that key management personnel are the 8 individuals (2020 – 8) who serve as members of the University Executive Board, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2021 £'000s	Year ended 31 July 2020 £'000s
Key management personnel compensation	1,233	1,145

Atypical Staff

	Year ended 31 July 2021 £'000s	Year ended 31 July 2020 £'000s
Agency Staff	812	709
Self Employed Staff	946	768
	1,758	1,477

Average staff numbers by major category:

	Number	Number
Academic Departments	1,178	1,217
Academic Services	290	296
Residences, Catering and Conferences	77	82
Premises	70	71
Administration and Central Services	426	430
	2,041	2,096

NOTES TO THE FINANCIAL STATEMENTS

8. Interest and other finance costs

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Loan interest		2,385	2,065	4,150	3,822
Net charge on pension schemes		2,490	2,247	3,285	2,949
Total		4,875	4,312	7,435	6,771

9. Analysis of total expenditure by activity

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Academic departments	81,121	65,756	84,456	69,844
Academic services	32,464	30,457	31,743	29,878
Research grants and contracts	6,509	6,509	6,551	6,551
Residences, catering and conferences	4,816	4,247	5,385	4,873
Premises	23,504	19,118	26,441	22,548
Administration and central services	25,475	19,852	21,358	16,121
Consulting, training and commercial activities	5,391	-	5,757	-
Other expenses	15,154	13,068	17,686	17,519
Total	194,434	159,007	199,377	167,334

Other operating expenses include:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
External auditors remuneration in respect of audit services	142	67	131	66
External auditors remuneration in respect of non-audit services	27	12	91	82
Operating lease rentals				
Land and buildings	637	525	554	444
Other	178	17	132	19

10. Taxation

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Research and Development Expenditure Credit (RDEC)	19	-	4	-
Total	19	-	4	-

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

	Consolidated		University	
	Software £'000	Total £'000s	Software £'000	Total £'000s
Cost				
At 1 August 2020	1,724	1,724	1,503	1,503
Additions	45	45	-	-
At 31 July 2021	1,769	1,769	1,503	1,503
Accumulated Amortisation				
At 1 August 2020	768	768	617	617
Charge for the year	182	182	150	150
At 31 July 2021	950	950	768	768
Net book value at 31 July 2021	819	819	735	735
Net book value at 31 July 2020	956	956	886	886

12. Negative goodwill arising from the acquisitions

	Consolidated Total £'000s
Fair value on acquisition	660
Consideration paid	-
Cost	
At 1 August 2020	660
Released to statement of comprehensive income	
At 1 August 2020	(66)
Release for year	(33)
At 31 July 2021	561
Carrying amount	
At 31 July 2021	561
At 31 July 2020	594

On 1 August 2018, Merthyr Tydfil College Ltd acquired Tydfil Training Consortium Limited, a charitable company engaged primarily in the provision of work-based learning. The amortisation period is 20 years.

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible Fixed Assets

Consolidated	Freehold Land and Buildings £'000	Plant and Machinery £'000s	Fixtures & Fittings £'000s	Assets in the Course of Construction £'000s	Total £'000s
Cost					
At 1 August 2020	306,821	54,909	24,204	2,978	388,912
Additions	161	4,210	620	7,987	12,978
Transfers	34	596	300	(929)	-
Disposals	-	(1,025)	(314)	-	(1,339)
At 31 July 2021	307,016	58,690	24,809	10,036	400,551
Consisting of valuation as at:					
31 July 2021	2,684	-	-	-	2,684
Cost	304,332	58,690	24,809	10,036	397,866
	307,016	58,690	24,809	10,036	400,550
Depreciation					
At 1 August 2020	86,603	35,145	17,063	-	138,811
Charge for the year	6,795	5,439	1,257	-	13,491
Disposals	-	(468)	(145)	-	(613)
At 31 July 2021	93,398	40,116	18,175	-	151,689
Net book value at 31 July 2021	213,618	18,574	6,634	10,036	248,862
Net book value at 31 July 2020	220,218	19,764	7,141	2,978	250,101

University	Freehold Land and Buildings £'000	Plant and Machinery £'000s	Fixtures & Fittings £'000s	Assets in the Course of Construction £'000s	Total £'000s
Cost					
At 1 August 2020	242,463	35,616	18,621	1,957	298,657
Additions	161	794	261	9,008	10,225
Transfers	34	596	300	(929)	-
Disposals	-	(952)	(247)	-	(1,199)
At 31 July 2021	242,658	36,054	18,935	10,036	307,683
Consisting of valuation as at:					
Cost	242,658	36,054	18,935	10,036	307,683
	242,658	36,054	18,935	10,036	307,683
Accumulated Depreciation					
At 1 August 2020	73,136	22,823	12,602	-	108,561
Charge for the year	5,694	3,376	890	-	9,960
Disposals	-	(438)	(145)	-	(583)
At 31 July 2021	78,830	25,761	13,347	-	117,938
Net book value at 31 July 2021	163,828	10,293	5,588	10,036	189,745
Net book value at 31 July 2020	169,327	12,793	6,019	1,957	190,096

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible Fixed Assets (continued)

Impairments

The University checks for indications of impairment of its assets at the balance sheet date annually. Plans to no longer use certain assets indicated potential impairment at the balance sheet date. A value in use method was used to calculate expected discounted cash inflows and outflows, which were then compared to the carrying values of the assets. The impairment charges reflect the charge needed to bring the net present values of those cashflows and the carrying values of those assets in line at the balance sheet date.

Freehold land and buildings

Land and buildings were revalued at 31 July 1998 and this valuation is reflected in the opening balance figures, except for land which was revalued under FRS102 as at 1 August 2014. All other fixed assets are shown at cost. Apart from the revalued land, under FRS15 the University has chosen to freeze valuations at their opening values, without further revaluation and to treat this as a 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 the date, with the exception of land revalued as at 1 August 2014. The valuation at 31 July 1998 was undertaken by Messrs Cooke & Arkwright, Chartered Surveyors, the basis of capitalisation was depreciated replacement cost, other than for local domestic premises the University acquired and converted to office space, where open market valuation was used. The valuation of land at 1 August 2014 was undertaken by Messrs Cooke & Arkwright, Chartered Surveyors, on the basis of open market valuation.

"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 of 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.

	Consolidated Total £'000s	University Total £'000s
14. Heritage Assets		
At 1 August 2020	500	-
Additions	-	-
Disposals	-	-
At 31 July 2021	500	-
Net book value at 31 July 2021	500	-
At 31 July 2020	500	-

NOTES TO THE FINANCIAL STATEMENTS

15. Non-current Investments

	Subsidiary Companies £'000s	Total £'000s
Consolidated		
At 1 August 2020 and 31 July 2021	-	-
University	£'000s	£'000s
At 1 August 2020 and 31 July 2021	2,056	2,056
Other non-current investments consist of:		University £'000s
USW Commercial Services Limited		50
Merthyr Tydfil College Limited		2,004
RWCMD Limited		1
Springdoor Limited (dormant)		1
Total		2,056

16. Inventory

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Inventory	163	75	249	78
Total	163	75	249	78

17. Trade and Other Receivables

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Amounts falling due within one year:				
Trade receivables	3,800	2,516	8,435	7,893
Other receivables	308	-	576	-
Prepayments and accrued income	9,404	9,035	8,537	8,067
Amounts due from subsidiary companies	-	5,402	-	7,049
Total	13,512	16,953	17,548	23,009

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

NOTES TO THE FINANCIAL STATEMENTS

18. Current Investments

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Short term investment in shares	2,734	515	2,569	436
Short term bonds	16,654	10,186	40,891	36,877
Short term deposits	121,804	116,410	59,983	55,594
Total	141,192	127,111	103,443	92,907

Deposits are held with banks and building societies licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

19. Creditors: amounts falling due within one year

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Bank loans – secured	173	-	165	-
Bank loans – unsecured	4,129	3,171	4,784	3,492
Trade payables	15,127	14,411	7,447	7,102
Accruals and deferred income	39,120	30,832	31,602	24,374
Amounts owed to group undertakings	-	56	-	21
Total	58,549	48,470	43,998	34,989

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



NOTES TO THE FINANCIAL STATEMENTS

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

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Deferred income	56,067	24,068	48,338	16,762
Unsecured loans	42,189	41,022	46,918	44,793
Secured loans	5,749	-	5,921	-
Total	104,005	65,090	101,178	61,555

Analysis of secured and unsecured loans:

Due within one year or on demand	4,302	3,171	4,949	3,492
Due between one and two years	5,466	4,119	4,771	3,640
Due between two and five years	13,230	12,627	11,722	9,983
Due in five years or more	29,242	24,276	36,346	31,170
Due after more than one year	47,938	41,022	52,839	44,793
Total secured and unsecured loans	52,240	44,193	57,788	48,285

Included in loans are the following:

	Lender	31 July 2021 Amount £'000s	31 July 2020 Amount £'000s	Term	Interest Rate %	Borrower
Unsecured Bank loans						
	Lloyds plc	11,704	13,306	7	3	University
	Lloyds plc	12,901	13,163	32	5	University
	Lloyds plc	3,421	3,569	30	5	University
	Lloyds plc	3,300	3,380	33	5	University
	Santander	12,867	13,667	25	6	University
Total unsecured Bank loans		44,193	47,085			
Bank loans secured on land and buildings	Barclays Bank	5,922	6,086	33	5	Subsidiary
Public benefit entity concessionary loans	HEFCW	-	1,200	-	-	University
	HEFCW	2,125	3,417	-	-	Subsidiary
Total		52,240	57,788			

NOTES TO THE FINANCIAL STATEMENTS

21. Provisions for liabilities

	Obligation to Fund Deficit on USS Pension £'000s	Pension Enhancements on Termination £'000s	Defined Benefit Obligations (Note 29) £'000s	Total Pensions Provisions £'000s	Total Other Provisions £'000s
Consolidated					
At 1 August 2020	225	7,358	174,179	181,762	4,570
Utilised in year	(6)	(620)	(6,129)	(6,755)	(1,828)
Additions	(36)	534	4,876	5,374	1,667
At 31 July 2021	183	7,272	172,926	180,381	4,409

	Obligation to Fund Deficit on USS Pension £'000s	Pension Enhancements on Termination £'000s	Defined Benefit Obligations (Note 29) £'000s	Total Pensions Provisions £'000s	Total Other Provisions £'000s
University					
At 1 August 2020	225	6,441	156,972	163,638	4,282
Utilised in year	(6)	(596)	(5,312)	(5,914)	(1,575)
Additions	(36)	534	2,858	3,356	1,653
At 31 July 2021	183	6,379	154,518	161,080	4,360

Provisions

The Provisions are primarily for deficits relating to defined benefit schemes, accounted for under FRS102. The provisions are also for ongoing costs of restructuring, and also relate 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. In calculating the liabilities of the unfunded scheme, the key assumptions used by the actuaries are consistent with Note 29.

USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

NOTES TO THE FINANCIAL STATEMENTS

22. Income and Expenditure Reserve – Endowment Reserve

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000s	Year to 31 July 2021 Total £'000s	Year to 31 July 2020 Total £'000s
Consolidated				
Balances at 1 August				
Capital	657	1,880	2,537	2,719
Accumulated income	494	176	670	674
	1,151	2,056	3,207	3,393
New endowments	-	3	3	-
Investment income	22	52	74	81
Expenditure	(12)	(38)	(50)	(85)
Increase in market value of investments	134	291	425	(182)
Total endowment comprehensive income for the year	143	309	452	(186)
At 31 July	1,294	2,365	3,659	3,207
Represented by:				
Capital	791	2,174	2,964	2,537
Accumulated income	504	190	694	670
	1,294	2,364	3,658	3,207
Analysis by type of purpose:				
Lectureships	819	-	819	732
Scholarships and bursaries	476	2,364	2,840	2,475
	1,294	2,364	3,658	3,207
Analysis by asset				
Current asset investments			3,076	2,651
Cash and cash equivalents			583	556
			3,658	3,207

The majority of donations received during the year by the Group and the University were from bequests.

NOTES TO THE FINANCIAL STATEMENTS

22. Income and Expenditure Reserve – Endowment Reserve (continued)

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000s	Year to 31 July 2021 Total £'000s	Year to 31 July 2020 Total £'000s
University				
Balances at 1 August				
Capital	308	-	308	343
Accumulated income	424	-	424	422
	732	-	732	765
Investment income	12	-	12	17
Expenditure	(5)	-	(5)	(15)
Increase in market value of investments	80	-	80	(35)
Total endowment comprehensive income/(expense) for the year	87	-	87	(33)
At 31 July	819	-	819	732
Represented by:				
Capital	388	-	388	308
Accumulated income	431	-	431	424
	819	-	819	732
Analysis by type of purpose:				
Lectureships	819	-	819	732
	819	-	819	732
Analysis by asset				
Current asset investments			388	308
Cash and cash equivalents			431	424
			819	732

23. Income and Expenditure Reserve – Restricted Reserve

	Donations £'000s	Year to 31 July 2021 Total £'000s	Year to 31 July 2020 Total £'000s
Reserves with restrictions are as follows:			
Balances at 1 August	1,740	1,740	1,114
New donations	672	672	1,287
Expenditure	(1,008)	(1,008)	(661)
Total restricted comprehensive income for the year	(336)	(336)	626
At 31 July	1,403	1,403	1,740

NOTES TO THE FINANCIAL STATEMENTS

24. Cash and Cash Equivalents	Consolidated			University		
	At 1 August 2020 £'000s	Cash Flows £'000s	At 31 July 2021 £'000s	At 1 August 2020 £'000s	Cash Flows £'000s	At 31 July 2021 £'000s
Short term bonds	1,865	(9)	1,856	1,865	(9)	1,856
Short term deposits	142	(26)	116	115	(49)	66
Cash at Bank and in hand	11,863	4,257	16,120	2,767	4,110	6,877
Total	13,870	4,222	18,092	4,747	4,052	8,799

25. Consolidated reconciliation of net debt

	Year to 31 July 2021 Total £'000s
Net debt 1 August 2020	43,918
Movement in cash and cash equivalents	(4,223)
Other non-cash changes	(5,548)
Net debt 31 July 2021	34,148
Change in net debt	(9,771)

Analysis of net debt:

	Year to 31 July 2021 Total £'000s	Year to 31 July 2020 Total £'000s
Cash and cash equivalents	18,092	13,870
Borrowings: amounts falling due within one year		
Secured loans	(173)	(165)
Unsecured loans	(4,129)	(4,784)
	(4,302)	(4,949)
Borrowings: amounts falling due after more than one year		
Secured loans	(5,749)	(5,921)
Unsecured loans	(42,189)	(46,918)
	(47,938)	(52,839)
Net debt	(34,148)	(43,918)

NOTES TO THE FINANCIAL STATEMENTS

26. Capital and Other Commitments

	At 31 July 2021		At 31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Provision has not been made for the following capital commitments at 31 July 2021:				
Commitments contracted for	611	611	562	562
Total	611	611	562	562

27. Lease Obligations

	At 31 July 2021			At 31 July 2020	
	Land and Buildings £'000s	Plant and Machinery £'000s	Other Leases £'000s	Total £'000s	Total £'000s
Total rentals payable under operating leases:					
Consolidated					
Payable during the year	637	109	17	763	686
Future minimum lease payments due:					
Not later than 1 year	209	170	23	402	575
Later than 1 year and not later than 5 years	231	727	-	958	1,217
Later than 5 years	-	3,275	-	3,275	3,464
Total lease payments due	440	4,173	23	4,636	5,256

	At 31 July 2021			At 31 July 2020	
	Land and Buildings £'000s	Plant and Machinery £'000s	Other Leases £'000s	Total £'000s	Total £'000s
Total rentals payable under operating leases:					
University					
Payable during the year	525	-	17	542	463
Future minimum lease payments due:					
Not later than 1 year	97	-	23	120	302
Later than 1 year and not later than 5 years	-	-	-	-	279
Later than 5 years	-	-	-	-	-
Total lease payments due	97	-	23	120	581

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes

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

- Teachers' Superannuation Scheme (TSS)
- Universities' Superannuation Scheme (USS)
- Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF)

All three schemes are contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds. However, as explained below, due to the nature of each scheme the TSS and USS are accounted for as defined contribution schemes and the RCTPF as a defined benefit scheme.

The Group also participates in two defined contribution pension schemes as follows:

- Scottish Widows
- NEST

(a) The Teachers' Superannuation Scheme (TSS)

The TSS is a contributory "sector-wide" scheme for academic staff administered by the Teacher's 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 2016. 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 by the Exchequer.

The contribution rate during the year was 23.7% and total contributions included within the Statement of Comprehensive Income was £9.8m for the Group (2019/20 £9.8m), and £8.0m for the University (2019/20 £8.0m).

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 Consolidated Statement of Comprehensive Income and Expenditure is equal to the contributions payable to the scheme for the year.

(b) The Universities' Superannuation Scheme (USS)

The University participates in the 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.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28) "Employee 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 appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2017. This was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2018 are also included in this note.

The latest available full actuarial valuation of the scheme was at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

(b) The Universities' Superannuation Scheme (USS) (continued)

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion. The assets therefore were sufficient to cover 95% of the benefits which had accrued to members after allowing for expected future increases in earnings. Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2021	2020
Discount rate	2.90%	2.20%
Pension increases (CPI)	2.90%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality 97.6% of SAP S1NMA ["light"] YoB tables – No age rating
 Female members' mortality 102.7% of RFV00 ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2016 projections of a long term improvement rate of 1.8% pa for males and 1.6% pa for females were adopted. The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

	2021	2020
Scheme assets	63.7bn	63.7bn
Total scheme liabilities	67.3bn	67.3bn
FRS 102 total scheme deficit	83.6bn	83.6bn
FRS 102 total funding level	95%	95%

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.

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

(c) 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 2019.

Under the definitions set out in FRS 102, 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 2021. 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 2021.

FRS102

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2019 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2021.

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

	2021 %	2020 %	2019 %
Rate of increase in salaries	3.90	3.20	3.25
Rate of increase in pensions in payment	2.90	2.20	2.25
Discount rate	1.65	1.45	2.25
CPI Inflation assumption	2.90	2.20	2.25
RPI Inflation assumption	3.30	3.00	3.35

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

	2021	2020
Retiring today		
Males	21.3	21.0
Females	23.7	23.5
Retiring in 20 years		
Males	21.8	21.8
Females	24.9	24.4

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

	Value at 31 July 2021 £'000s	Value at 31 July 2020 £'000s	Value at 31 July 2019 £'000s
Equities	238,479	185,246	175,283
Gilts	40,561	27,869	30,842
Bonds	40,766	39,071	30,071
Property	21,254	19,126	19,276
Cash	650	1,912	1,542
	341,710	273,224	257,014

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

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

	Value at 31 July 2021	Value at 31 July 2020	Value at 31 July 2019
	£'000s	£'000s	£'000s
Equities	263,830	204,120	192,306
Gilts	44,873	30,708	33,837
Bonds	45,099	43,052	32,991
Property	23,514	21,074	21,148
Cash	718	2,108	1,692
	378,034	301,062	281,974

The following amounts at 31 July 2021 were measured in accordance with the requirements of FRS 102.

Analysis of the amount shown in the University balance sheet

	31 Jul 2021 £'000s	31 Jul 2020 £'000s	31 Jul 2019 £'000s	31 Jul 2018 £'000s	31 Jul 2017 £'000s
Estimated share of assets	341,710	273,224	257,013	237,591	205,119
Present value of scheme liabilities	(496,228)	(430,196)	(386,602)	(336,477)	(322,808)
Deficit in the scheme – net pension liabilities	(154,518)	(156,972)	(129,589)	(98,886)	(117,689)

Analysis of the amount shown in the Consolidated balance sheet

	31 Jul 2021 £'000s	31 Jul 2020 £'000s	31 Jul 2019 £'000s	31 Jul 2018 £'000s	31 Jul 2017 £'000s
Estimated share of assets	378,034	301,062	281,973	260,305	225,372
Present value of scheme liabilities	(550,960)	(475,241)	(426,659)	(370,633)	(355,685)
Deficit in the scheme – net pension liabilities	(172,926)	(174,179)	(144,686)	(110,328)	(130,313)

Analysis of the amount charged to staff costs within the operating surplus

	31 July 2021		31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Current service cost	16,586	14,221	13,846	12,048
Past service cost	210	210	148	148
	16,796	14,431	13,994	12,196

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

Analysis of the amount that is charged to interest payable

	31 July 2021		31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Interest income on pension scheme assets	(4,374)	(3,961)	(6,375)	(5,807)
Interest on pension scheme liabilities	6,857	6,203	9,642	8,744
Net charge	2,483	2,242	3,267	2,937

Analysis of the amount recognised in Statement of Comprehensive Income

	31 July 2021		31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Actual return less expected return on pension scheme assets	71,174	64,456	9,801	8,079
Experience losses arising on scheme liabilities	(56,592)	(50,486)	(29,379)	(26,785)
Actuarial gain/(loss)	14,582	13,970	(19,578)	(18,706)

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

	31 July 2021		31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Deficit on scheme at 1 August	(174,179)	(156,972)	(144,687)	(129,590)
Movement in year:				
- current service cost (includes administrative expenses)	(16,765)	(14,376)	(14,027)	(12,206)
- past service cost	(210)	(210)	(148)	(148)
- contributions	6,129	5,312	7,528	6,615
- other finance charge	(2,483)	(2,242)	(3,267)	(2,937)
- actuarial (loss)/gain	14,582	13,970	(19,578)	(18,706)
Deficit on scheme at 31 July	(172,926)	(154,518)	(174,179)	(156,972)

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

	31 July 2021		31 July 2020	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
At beginning of the year	475,241	430,196	426,659	386,602
Current Service Cost	16,586	14,221	13,846	12,048
Past service cost	210	210	148	148
Interest Cost	6,857	6,203	9,642	8,744
Contributions by scheme participants	2,486	2,122	2,478	2,158
Actuarial gains and losses	56,592	50,486	29,379	26,785
Benefits paid	(7,012)	(7,210)	(6,911)	(6,290)
At end of the year	550,960	496,228	475,241	430,196

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

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

	31 July 2021 Consolidated £'000s	University £'000s	31 July 2020 Consolidated £'000s	University £'000s
At beginning of the year	301,062	273,224	281,973	257,013
Expected rate of return on scheme assets	4,374	3,961	6,375	5,807
Actuarial gains and losses	71,174	64,456	9,801	8,079
Contributions by scheme participants	2,487	2,123	2,478	2,158
Contributions by the Employer	6,129	5,312	7,528	6,615
Benefits paid	(7,012)	(7,210)	(6,911)	(6,290)
Administrative expenses	(180)	(156)	(182)	(158)
At end of the year	378,034	341,710	301,062	273,224

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

	31 Jul 2021	31 Jul 2020	31 Jul 2019	31 Jul 2018	31 Jul 2017
Difference between the expected and actual return on scheme assets					
Amount £'000s	64,456	8,079	10,753	25,588	12,347
Percentage of scheme assets	18.9%	3.0%	4.2%	10.8%	6.0%
Experienced gains and losses on scheme liabilities					
Amount £'000s	(50,486)	(26,785)	(31,795)	805	(19,284)
Percentage of present value of scheme liabilities	(10.2)%	(6.2)%	(8.2)%	0.2%	(6.0)%
Total amount recognised in the statement of comprehensive income					
Amount £'000s	13,970	(18,706)	(21,042)	26,393	(6,937)
Percentage of present value of scheme liabilities	2.8%	(4.3)%	(5.4)%	7.8%	(2.1)%

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

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

	31 Jul 2021	31 Jul 2020	31 Jul 2019	31 Jul 2018	31 Jul 2017
Difference between the expected and actual return on scheme assets					
Amount £'000s	71,174	9,801	11,832	27,218	13,547
Percentage of scheme assets	18.8%	3.3%	4.2%	10.5%	6.0%
Experience gains and losses on scheme liabilities					
Amount £'000s	(56,592)	(29,379)	(35,301)	1,414	(21,797)
Percentage of present value of scheme liabilities	(10.3)%	(6.2)%	(9.5)%	0.4%	(6.1)%
Total amount recognised in the statement of comprehensive income					
Amount £'000s	14,582	(19,578)	(23,469)	28,632	(8,250)
Percentage of present value of scheme liabilities	2.6%	(4.1)%	(5.5)%	7.7%	(2.3)%

The estimate for contributions for the defined benefit scheme for the year ending 31 July 2022 is £6,151,200

The actual return on scheme assets in the year was £75,548,000 (2020 £16,175,000).

Sensitivity to market risks

The table below show the sensitivity of accounting disclosure items to market and demographic risks. Sensitivities are applied at the accounting date. The impacts are shown for items on the balance sheet at the accounting date, and for projected items in the net periodic pension cost recognised in profit and loss for the next accounting year.

Sensitivity analysis of LGPS

	Consolidated				University			
	Base	+0.1% p.a. discount rate	+0.1% p.a. rate of increase in pensions	Mortality rates increased by 1 year	Base	+0.1% p.a. discount rate	+0.1% p.a. rate of increase in pensions	Mortality rates increased by 1 year
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fair value of net assets	378.0337	378.0337	378.0337	378.0337	341.7099	341.7099	341.7099	341.7099
Present value of funded liabilities	(550.9598)	(537.9832)	(562.3791)	(570.2595)	(496.228)	(484.6018)	(506.4593)	(513.6335)
Pension liability recognised on the balance sheet	(172.926)	(159.950)	(184.345)	(192.226)	(154.518)	(142.892)	(164.749)	(171.924)

In response to the ongoing reform of RPI the actuary have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £40.0m increase to the defined benefit obligation at 31 July 2021.

NOTES TO THE FINANCIAL STATEMENTS

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 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 FRS102.

Organisation	Individual Board Member	31 July 2021		31 July 2020	
		Expenditure £'000s	Creditor £'000s	Expenditure £'000s	Creditor £'000s
IRG Advisors	Jemma Terry	66	-	-	-
University of South Wales' Students' Union	Various	-	-	1,233	-
Wales and West Utilities	Graham Edwards	-	-	1	-

The total expenses paid to or on behalf of the independent Governors was £nil (2019/20 - £1,328 to 4 independent Governors). This represents travel and subsistence expenses incurred in attending Board of Governor, and Committee meetings.

30. 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
 Tydfil Training Consortium Limited
 USW Commercial Services Limited
 USW Services Limited
 Professional and Support Services 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 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 2021.

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