

**University of Wales**

Charity number: **1146516**

**Consolidated Financial Statements  
For the year ended 31 July 2022**

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## ADMINISTRATIVE DETAILS AND PROFESSIONAL ADVISORS

### Members

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

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

### Member Ex Officio

The Vice-Chancellor (100%)

### Independent Members

The Venerable A. J. Randolph Thomas (Chair) (100%)

Anthony Ball (Resigned 30 Aug 2022) (60%)

Margaret Evans (Vice Chair) (Resigned 30 Aug 2022) (60%)

Arwel Ellis Owen (80%)

Dr Elizabeth Siberry (80%)

Pamela Berry (Resigned 30 Aug 2022) (60%)

Andrew Curl (Resigned 30 Aug 2022) (60%)

Eifion Griffiths (Resigned 30 Aug 2022) (100%)

Maria Stedman (80%)

Nigel Roberts (100%)

Deris Davies Williams (60%)

### Co-opted Members

Justin Albert (50%)

Siwan Davies (50%)

### Staff Member

Dr Stuart Robb (100%)

**Clerk and Secretary:** Sarah Clark (100%)

**ADMINISTRATIVE DETAILS AND PROFESSIONAL ADVISORS****Legal Status**

Established by Royal Charter in 1893 (RC000676) the University is a registered charity (number 1146516). The principal office is the University Registry, King Edward VII Avenue, Cathays Park, Cardiff CF10 3NS. The names of the members of the University Council (who also act as charity trustees) are stated and disclosed in the previous page.

**Professional Advisors**

|                     |   |
|---------------------|---|
| Independent Auditor |   |
| External            | KPMG, 3, Assembly Square, Britannia Quay, Cardiff CF10 4AX  |
| Internal            | Mazars, One Caspian Point, Pierhead Street, Cardiff CF10 4DQ  |
| Banker              | HSBC Bank plc, 56 Queen Street, Cardiff. CF10 2PX   |
| Insurance Adviser   | University Mutual Association Ltd,<br>4th Floor, 5 St. Helen's Place, London. EC3A 6AB                            |
| Pensions Adviser    | Mercer Ltd, 1 Whitehall Quay, Whitehall Road, Leeds. LS14HR   |
| Investment Adviser  | Jaggers & Associates, Exchange Quay, Salford. M5 3EQ  |
| Solicitor           | Blake Morgan, Bradley Court, Park Place, Cardiff. CF10 3DP<br>Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT |

## INTRODUCTION BY THE VICE-CHANCELLOR AND THE CHAIR OF COUNCIL

We are pleased to introduce the Annual Report and Financial Operating Statement for the year 2021-2022.

During The year the University continued to be managed to deliver ongoing support to a range of collaborative partners and in accordance with its strategic plan.

It is now over ten years since the University of Wales issued its formal Wales Pledge as it reaffirmed its commitment, as part of the formal integration of the University of Wales with the University of Wales Trinity St David (UWTSD), to safeguard some of the cultural and heritage assets associated with the University. Over the last decade the University has systematically engaged in a series of structural initiatives which have safeguarded the legacy of the University.

An imperative for the Governing Body has been to systematically deal with a number of legacy issues as it secured integration with UWTSD. In doing so it has, through good governance, due process and structured execution managed to successfully deliver upon a number of the key pledges articulated over a decade ago. The nature of such implementation has called upon the University to invest and disinvest in an appropriate manner, always mindful of safeguarding the cultural assets associated with the University of Wales. This has included a detailed engagement with regard to securing the future of Gregynog and allowing a new Trust to develop a future strategic plan. It also has included the continual investment in the intellectual capital capacity of the University of Wales Press which has served Higher Education well.

In the same context, the University's commitment to Celtic Scholarship has been further promoted with the University of Oxford and UWTSD.

The further integration of the Centre for Advanced Batch Manufacture Ltd (CBM Ltd) with UWTSD has also allowed the University to continue to play a role in the context of innovation and applied research as it serves the economic resilience and reconstruction mission of the Government of Wales. The University of Wales has over the last decade successfully delivered upon its core pledges and has systematically facilitated significant transformational change within the context of Welsh Government policy.

### University Strategy

Since 2012, the strategy of the University has been to prepare for academic and administrative integration and merger with the University of Wales Trinity Saint David (UWTSD). In July 2017 the University Council was satisfied that the University could move to the next phase of the formal merger. Pursuant to this decision, the academic and administrative functions of the University of Wales and UWTSD were integrated through a formal Deed in August 2017.

The next phase was to be a formal constitutional merger, no formal timetable had been set for the conclusion of this merger.

Further information regarding the background to the merger can be found in previous annual reports or on the University website: [www.wales.ac.uk/en/AboutUs/Developments/Developments-Merger-and-Reconfiguration.aspx](http://www.wales.ac.uk/en/AboutUs/Developments/Developments-Merger-and-Reconfiguration.aspx)

During 2022 the officers and trustee of the University agreed to explore a confederal framework that would allow the University to consider the implications of the new Tertiary Education Bill which the Welsh Government is currently taking through the Senedd.

Officers have worked on a development plan during the year that builds on existing relationships with further education institutions along with building new relationships with institutions who do not currently have engagement with the University.

**INTRODUCTION BY THE VICE-CHANCELLOR AND THE CHAIR OF COUNCIL**

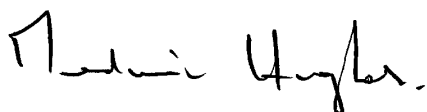
There is confidence that the structure developed under the confederal relationships will deliver benefits to the University, its further education partners and the 'post-16' education sector in Wales as a whole as it delivers on the challenges posed by the establishment of a unified Tertiary Education system. It is expected that the implementation of the business development plan will deliver new income streams from the 2023/2024 academic year

Throughout the pre constitutional merger period the priorities of the University have been to manage the resources of the institution to:

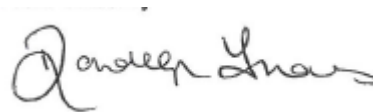
- Maintain the high quality and standards of a University of Wales degree;
- Maintain the University's traditional contribution to the economic, social, cultural and intellectual wellbeing of a sustainable Wales;
- Prepare for constitutional merger with UWTSD; and
- Ensure that the University is financially sustainable and able to meet its obligations to students and to enable constitutional merger with UWTSD.

The way in which the University has continued to safeguard its legacy for future generations, remain faithful to its core values, and ensure that assets are used their intended purpose are set out in Adduned Cymru (the Wales Pledge). For more information please see the University website: [www.wales.ac.uk/Resources/Documents/Merger/Adduned-Cymru-English.pdf](http://www.wales.ac.uk/Resources/Documents/Merger/Adduned-Cymru-English.pdf).

As officers continue to develop the new business plan over the next 12 month trustees are committed to maintaining the priorities listed above. Under the current income and cost commitments the University is forecast to maintain a modest surplus and cash generation in this interim period.



Prof Medwin Hughes (Vice-Chancellor)



The Venerable Randolph Thomas (Chair)

## OPERATING AND FINANCIAL REVIEW

### Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2022 have been prepared in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2019, the Accounts Direction for 2021/22 issued by the Higher Education Funding Council for Wales, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The consolidated financial statements for the year to 31 July 2022 have been prepared on a going concern basis as detailed on page 31.

### Basis of Consolidation

The consolidated financial statements comprise of the University and its subsidiary companies; Awen Wales Limited and Gwasg Gregynog Limited, for the year to 31 July 2022. Gwasg Gregynog was fully consolidated in the consolidated accounts following a change of control in the company at 31 July 2022.

### Public benefit statement

The University is a registered charity and its charity number is 1146516.

Delivery of the above-described strategic objectives has also met the charitable objects of the University, which are for the advancement of education, learning and research and to serve Wales and its people.

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

The operational review below sets out the University's activities in support of its strategic and charitable objectives.

### Ethical Investment and banking policies

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

### Equal opportunities

On 1 August 2017, the University adopted the equal opportunities systems and practices of UWTSD, whose commitment to equality and diversity is set out in its *Strategic Equality Plan 2020/24*. The University aims to create a culture of openness and respect in which barriers for those with protected characteristics are identified and removed. It wants its people to feel safe and valued, and to achieve their full potential for the benefit of the individual, the organisation and wider communities. It wishes to promote equality of opportunity, fair working practices, and good interpersonal relations throughout its staff and student bodies.

### Environmental sustainability policy

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

### Health and Safety

There were no reportable safety incidents in 2021/22 or significant near miss events. On 1 August 2017, the University adopted the health and safety systems and practices of UWTSD, which was a smooth transition as the two institutions had previously worked closely to align arrangements during the pre-merger period.

## OPERATING AND FINANCIAL REVIEW

### Welsh Language

The University's Welsh Language Scheme treats the Welsh and English languages equally – with both enjoying the same status and validity in all areas of service and student, staff and public engagement. On 1 August 2017, the University adopted the Welsh language policy and practices of UWTSD, which was a smooth transition as the two institutions had previously worked closely to align arrangements during the pre-merger period. New members of staff receive Welsh language awareness training as part of induction and the training requirements of all staff are reviewed as part of the annual staff appraisal process.

### Principal risks and uncertainties

The principal risks and uncertainties faced by the University are as follows:

- Managing in year cash-flows, particularly in light of the impact of the timing of income receipts upon cash balances held within the University at any one point in time;
- Home student recruitment and retention given uncertain economic environment and demographic trends;
- Managing the existing relationships with its collaborative provision partners; and
- Developing a sustainable financial strategy for discreet units that form part of the Wales Pledge.

2021/2022 saw the University move into a post Covid-19 environment where there was a relaxation and then removal of restrictions that had been put in place by both the UK and Welsh Governments during 2020 and 2021. The results of 2021/2022 reflect this changing environment.

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

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

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

Both officers and trustees are content that the financial management of the University continues in a prudent manner that maintains or grows the net assets and cash balances of the University during a period where the new business plan is being developed. As the plan develops officers and trustees will consider emerging risks and opportunities and develop mitigation plans where applicable

### Future prospects

The current environment within the sector is challenging but the University has managed its resources over the past few years in a way that places it in a good position to develop its new business plan, as noted on page 5, which will establish new income streams in future years and enable the University to grow. During the initial development and implementation of the business plan the focus is on maintaining the current net asset position with modest cash generation to maintain a position of going concern.

### Declaration of information to auditor

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

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



## OPERATING AND FINANCIAL REVIEW

### Collaborative Provision

The University's managed exit from collaborative provision is based on three principles. These affirm that during the exit process the University will: (i) take whatever additional steps are necessary to assure the quality of provision and ensure the academic standards of its awards; (ii) fulfil its responsibility to enable students to complete their studies leading to an award in a way that is consistent with the relevant University regulations; and (iii) honour the contracts which are in place for each collaborative centre which remains in good standing.

During the reporting period, the University has seen a reduction of 47% of its student population under the validated services model and has exited from a further three collaborative centres. At the end of 2021/22, the number of students studying at collaborative centres had fallen to around 400 (down from over 28,000 when the withdrawal from collaborative provision was announced).

During the 2021/22 academic year, the University has continued to embed the new academic governance structure implemented in 2019/20, through which it has continued to ensure that its deliberative structures remain appropriate for oversight of the quality and standards of the University's academic awards. During the period, the University has received and considered 101 reports from external examiners, moderators, and University Officers considering the quality assurance and academic standards of the University's awards. The University continues to embed its systematic approach to addressing any actions arising from the reports.

The Collaborative Partnerships Office (CPO) continues to work to support both UW collaborative centre and UWTSD Partnerships. The CPO has continued to take action to provide both general and individual support to collaborative centres and partners in the context of the COVID-19 pandemic. This has included the support of modifications to the delivery of validated programmes, as well as individually tailored support to manage risk in relation to quality assurance, academic standards, and business continuity.

### University of Wales Press (UWP)

This has been a very special year for University of Wales Press (UWP/the Press), as it celebrates 100 years since its founding in 1922. The Press marked the occasion in a variety of different ways. UWP published celebratory Centenary titles by two key authors in Wales; *The History of Wales in 12 Poems* by M. Wynn Thomas in September 2021, and *Dychmygu Iaith* by Mererid Hopwood in July 2022. UWP also published a short early history of the Press by our very own Llion Wigley; *Gwasg Prifysgol Cymru Y Degawdau Cynnar (1922–1953) / The University of Wales Press The Founding Years (1922–1953)*. Furthermore, UWP published *Trysorau: Casgliadau Arbennig Prifysgol Cymru Y Drindod Dewi Sant / Treasures: The Special Collections of the University of Wales Trinity Saint David* edited by John Morgan Guy to celebrate the University of Wales Trinity Saint David's Bicentenary.

The Press held a very special Centenary event in the Senedd in June 2022, with First Minister Mark Drakeford offering a keynote speech, and our Vice Chancellor, Chair of Advisory Board and a selection of authors and colleagues across the Press sharing their memories and experiences of working with the Press. The event was hugely enjoyable and we were delighted to catch up with so many of our authors, partners and former Press Directors. UWP also celebrated its Centenary at a number of other key events throughout the year, particularly enjoying this year's Eisteddfod in Tregaron.

During 2021/22, UWP published 38 new academic books and 58 new journal articles from seven journals across our Wales Studies and humanities and social sciences portfolios.

As well as exciting new developments within and additions to our academic portfolios, the Press was delighted to break into new markets this year, including the non-fiction trade market through the launch of a new imprint called Calon, and the publication of the first title in partnership with Coleg Cymraeg Cenedlaethol. Furthermore,

the Press worked closely with Hodder Education on new resources for the New Curriculum for Wales for ages 11-14, ensuring that materials for schools reflected Wales and Welshness in an authentic way.

## OPERATING AND FINANCIAL REVIEW

### Wales Studies

Publications this year included five Welsh language publications; *Sylfeini Cyfieithu Testun* by Ben Screen; *Y Gymraeg a Gweithle'r Gymru Gyfoes* edited by Rhianedd Jewell and Rhiannon Heledd Williams; *Llunio Hanes* edited by Gethin Matthews and Meilyr Powel in partnership with Coleg Cymraeg Cenedlaethol. Also, as mentioned, *Dychmygu Iaith* by Mererid Hopwood and *Trysorau: Casgliadau Arbennig Prifysgol Cymru Y Drindod Dewi Sant* edited by John Morgan Guy.

UWP also published titles including *Theologia Cambrensis Volume 2, 1760-1900* by Densil Morgan; *Patronage and Power in the Medieval Welsh March: One Family's Story* by David Stephenson; *A History of Christianity in Wales* by David Ceri Jones, Madeleine Gray, Barry Lewis, Densil Morgan; *Edward Lhwyrd* by Brynley Roberts; and *The Impact of Devolution in Wales: Social Democracy with a Welsh Stripe?* edited by Aled Eirug and Jane Williams.

This year, the Higher Education Funding Council for Wales (HEFCW) undertook a consultation on the HEFCW publications fund - a pot of money to support the publication of Wales Studies titles. Allocated to universities since 2011 to be ringfenced for Wales Studies publications (prior to which the Press received the fund), the fund has now been returned to the Press, to be overseen by an independent panel. This is good news for the sustainability of Wales Studies publications.

### Humanities and Social Sciences

Within our humanities and social sciences portfolio, UWP published dozens of titles across our key series including; *South Asian Gothic* edited by Ancuta and D. Valančiūnas; *Chaucer and the Ethics of Time* by G. Adler; *Precarious Sociality* by A. Evrard; *Curating and the Legacies of Colonialism in Contemporary Iberia* edited by C. Carrido Castellano and B. Leitão; and *Blumhouse Productions: The New House of Horror* edited by Platts and McCollum.

UWP launched an exciting new series this year; Literary Geography: Theory and Practice with Series Editors Drs. Sheila Jones and James Thurgill.

### Awards

UWP were delighted to receive more award recognitions for titles this year; *Darllen y Dychymyg* by Siwan M. Rosser won the Sir Ellis-Griffith Memorial Prize; *Theologia Cambrensis Volume 2* by Densil Morgan won the Francis Jones Prize in Welsh History; and *The World of the Newport Medieval Ship* edited by Evan Jones and Richard Stone won the G.T. Clark Prize. UWP titles nominated were; *Star Warriors of the Modern Raj* by Sami Ahmad Khan for BFSa Prize longlist; *Industrial Gothic* by Bridget M. Marshall for the Allan Lloyd Smith shortlist; and *Monstrous Textualities* by Anya Heise-von der Lippe for the Allan Lloyd Smith longlist. Congratulations to all of our authors and editors.

### Calon

UWP launched Calon, a new non-fiction imprint, this year. The aim of Calon is to publish fascinating yet trusted stories that follow trends across the international non-fiction market but bringing a Welsh flavour and perspective. The first book published under this new imprint was *Welsh Food Stories* by Carwyn Graves, in May 2022. The imprint has seven titles publishing in the coming financial year and many more planned beyond.

### Other news

Also this year, UWP were one of 17 University Presses to launch EvenUP, a commitment of UK and Irish university presses to equity, diversity, inclusivity and belonging in our workplaces, in who we work with and in what we publish.

### Dylan Thomas Centre

Located near UWTSd's SA1 Development, the Centre is home to a permanent exhibition to Dylan Thomas, which makes it a key part of Swansea's literary and cultural quarter. University investment in the building over the past few years has also transformed it into a multi-purpose and multi occupancy venue open to host a range of events and functions. The Centre is home to a 110 seat theatre and popular 1825 Coffee Shop.

## OPERATING AND FINANCIAL REVIEW

During 2021/22 the Centre continued to be an integral part of the new UWTSD SA1 Campus which opened in September 2018. It also now hosts students and academic staff as part of the wider campus and its operating costs are funded by UWTSD.

### Gwasg Gregynog

During 2021/22 it was deemed that the University gained control of Gwasg Gregynog Ltd following a change of directors. The company undertakes fine press printing and is currently located within the Gregynog Estate, Newton, Powys. Business plans are currently being developed for discussion and approval during 2022/23 for implementation in 2023/24.

### Financial Review for the year

The consolidated results recorded a total comprehensive income for the year of £2.421m (2021: income £1.552m). This was an increase in the surplus position in 2021/22 from the surplus in 2020-21 amounting to £869k. It was mainly attributable to a movement gain in respect of pension schemes amounting to £1.592m offset with a movement in investments from a gain to a loss of £735k.

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

#### Statement of Comprehensive Income summary

|  | Year ended<br>31 July 2022<br>£'000 | Year ended 31<br>July 2021<br>£'000 | Movement<br>£'000 |
|--|-------------------------------------|-------------------------------------|-------------------|
| Income   | 2,443                               | 2,383                               | 60                |
| Expenditure                                    | (2,789)                             | (2,462)                             | (327)             |
|  | (346)                               | (79)                                | (267)             |
| Endowment Transfer                             | -                                   | (279)                               | 279               |
| <b>Deficit before other gains/(losses)</b>     | <b>(346)</b>                        | <b>(358)</b>                        | <b>12</b>         |
| (Loss)/Gain in respect of investments          | (150)                               | 585                                 | (735)             |
| <b>(Deficit)/Surplus for the year</b>          | <b>(496)</b>                        | <b>227</b>                          | <b>(723)</b>      |
| Actuarial gain in respect of pension schemes   | 2,917                               | 1,325                               | 1,592             |
| <b>Total comprehensive income for the year</b> | <b>2,421</b>                        | <b>1,552</b>                        | <b>869</b>        |

### Income

Total consolidated income for the University in 2020-21 was £2.4m (£2.4m in 2020-21).

Collaborative provision income was £1.3m (£1.5m in 2020-21) and was the largest source of funding for the university accounting for 54% of total income.

Other income was £993 (£785k in 2020-21). The increase was attributable to a one-off funding contribution.

Investment income for the year was £131k (£121k in 2019-20) and a small donation of £1k (£Nil in 2020-21).

**OPERATING AND FINANCIAL REVIEW****Income analysis**

|                                  | Year ended<br>31 July 2022 |              | Year ended<br>31 July 2021 |              |
|----------------------------------|----------------------------|--------------|----------------------------|--------------|
|                                  | £'000                      | %            | £'000                      | %            |
| Collaborative Provision          | 1,318                      | 54.0         | 1,477                      | 62.0         |
| Other income                     | 993                        | 40.5         | 785                        | 32.9         |
| Investment income                | 131                        | 5.4          | 121                        | 5.1          |
| Donations                        | 1                          | 0.1          | -                          | -            |
| <b>Total Consolidated Income</b> | <b>2,443</b>               | <b>100.0</b> | <b>2,383</b>               | <b>100.0</b> |

**Expenditure**

Total consolidated expenditure for the University was £2.7m (£2.7m in 2020-21).

Staff costs were £1.3m (£1.2m in 2020-21). This was an overall increase due to increased pension service costs (this is an actuarial calculation and adjustment) which was partly offset by a reduction in actual staff costs in 2021-22 in line with the budget plan.

Operating Expense costs were £1.3m (£1.0m in 2020-21). The overall increase was due to one off expenditure for which there was also a one-off funding contribution.

Depreciation costs were £97k (£146k in 2020-21). The decrease was due to equipment depreciation coming to an end in 2020-21.

Pension interest costs were £43k (£54k in 2020-21). This is an actuarial calculation and adjustment.

**Expenditure analysis**

|                                       | Year ended<br>31 July 2022 |              | Year ended<br>31 July 2021 |              |
|---------------------------------------|----------------------------|--------------|----------------------------|--------------|
|                                       | £'000                      | %            | £'000                      | %            |
| Staff costs                           | 977                        | 35.0         | 1,081                      | 39.4         |
| Pension Service costs                 | 354                        | 12.7         | 139                        | 5.1          |
| Restructuring costs                   | -                          | -            | 8                          | 0.3          |
|                                       | <b>1,331</b>               | <b>47.7</b>  | <b>1,228</b>               | <b>44.8</b>  |
| Academic and related expenditure      | 90                         | 3.2          | 203                        | 7.4          |
| Administration and central services   | 493                        | 17.7         | 337                        | 12.3         |
| Premises and central services         | 142                        | 5.1          | 118                        | 4.3          |
| Other services and expenses           | 593                        | 21.3         | 376                        | 13.7         |
|                                       | <b>1,318</b>               | <b>47.3</b>  | <b>1,034</b>               | <b>37.7</b>  |
| Depreciation                          | 97                         | 3.5          | 146                        | 5.3          |
| Interest payable                      | 43                         | 1.5          | 54                         | 2.0          |
|                                       | <b>140</b>                 | <b>5.0</b>   | <b>200</b>                 | <b>7.3</b>   |
| Endowment transfer                    | -                          | -            | 279                        | 10.2         |
| <b>Total Consolidated Expenditure</b> | <b>2,789</b>               | <b>100.0</b> | <b>2,741</b>               | <b>100.0</b> |

## OPERATING AND FINANCIAL REVIEW

### Balance Sheet

The consolidated Balance Sheet discloses a net assets position of £6.2m as at 31 July 2022 (2021: £3.8m). When Pension liabilities are excluded the net asset position is £6.6m at 31 July 2022 (2021: £6.7m).

Total debtors were £1.8m at 31 July 2022 (2021: £1.4m). This is an increase from 2021 and is attributable to trade debtors with a related party.

Cash and cash equivalent balances were £3.5m at 31 July 2022 (2020: £3.8m). This is a slight decrease and is linked to the timing of receipts from a related party. These balances include £2.5m investment cash uninvested.

Total creditors were £2.7m at the year-end (2021: £2.6m). The slight increase due to an increase in receipts in advance linked to UW Press grant funding.

Pension provisions and obligations were £0.3m at 31 July 2022 (2021: £2.8m). A significant decrease related to actuarial valuation reductions on the pension obligation to the defined pension scheme.

### Cash Flow

The consolidated net cash outflow from operating activities was £531k for the year (2021: £1k outflow) and the overall cash decrease was £0.3m (2021: £2.1m increase). The decrease is related to the timing of related party receipts.

### Treasury Management and investments

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible returns while minimising risk. As at 31 July 2022 the value of fixed asset investments was £0.8m (2021: £0.8m) and the value of the endowment investments was £1.7m (2021: £1.7m). In addition, there is an amount of £2.5m uninvested cash, redeemed in 2020/21 from a ceased investment fund. An amount of £2.7m (valued at 31 July 2022) is still due for transfer to the UW Restricted Endowment Trust (UWRET) from endowment investments and uninvested cash. It is planned to transfer these in 2022/23.

### Liquidity

The University has prepared cashflow forecasts for the 12 months from the date of the financial statements and is of the opinion that it will have sufficient cash resources and liquidity during this period to properly manage its affairs and planned operations. These forecasts indicate a positive cash flow in the year.

### Pensions

The net liability in the local in-house final salary pension scheme has decreased during the year, from £2.7m to £Nil.

Accounting standards require the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS) and this liability is included in the pension provision and additional costs are processed through staff costs in the consolidated statement of income and expenditure. During the year the liability on the USS increased by £186k to £325k (2021: £139k liability).

## OPERATING AND FINANCIAL REVIEW

### Financial Health

The University is operating in a challenging economic environment which it is pro-actively managing. Key areas for management focus include:

- maintaining and being pro-active in the recruitment and retention of students;
- managing a change in the nature of core business with reduced reliance on historical collaborative activity and increased development of new and innovative delivery programmes in partnership with the University of Wales Trinity St David;
- maintaining a sufficient level of cash reserves to support ongoing operations ;
- managing cash flows, including the timely collection of receipts from collaborative partners to ensure sufficient working capital;
- responding to the changing political context of Higher Education in Wales;
- securing commitments made in the Wales Pledge and
- robustly managing increases in pension costs.

During 2021/22 the University experienced continued reductions in some income streams but has been taking proactive action to build upon innovative areas of activity with key partners with an emphasis on recruitment to local skills based courses in 2022/23 in partnership with the University of Wales Trinity St David.

### Sustainability

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

The University considers income generation and realisation of this income in cash as the most appropriate method of maintaining sustainability. A key metric reported on the University's position to governors is the ability to meet its future liabilities on existing cash reserves for a period of not less than 3 months

Cashflow management involves close management of the monthly cashflow, with regular updates provided to the University Council on performance, including visible risks or opportunities. At both the balance sheet date and the date of signing the accounts the University has no plans to enter into any material additional financial obligations.

The University has carefully managed the declining income from traditional sources and has divested from loss making activities within the institution in order to ensure its sustainability through the transitional period of establishing the future strategy detailed in the University Strategy section of this report

The University expects to maintain cash generation in 2022/23. It is also felt that the University has sufficient cash reserves at 31 July 2022 and a sensible budget for 2022/23 and 2023/24 that allows it to look at the medium term with confidence.

### Going Concern

As outlined in the introduction, in October 2017 both the University of Wales and the University of Wales Trinity Saint David (UWTSD) approved a Deed which delivered on the original policy objective of integrating the two Universities, thus creating a new University for Wales. With the development of a new direction of the University of Wales being delivered through the business plan outlined in the University Strategy on page 5 this integration process has paused.

The University is confident that in the interim period of executing the business plan the University will continue to maintain a modest surplus and cash generation position. In addition, new funding streams for the University of Wales Press will be explored to build upon its brand identity and opportunities for integration into UWTSD will be taken forward. Under the above plans the University of Wales would remain as a separate legal entity with reduced powers to see out its obligations to registered students under the existing collaborative provision agreements.

## OPERATING AND FINANCIAL REVIEW

Reserves of the University will continue to be applied appropriately to help finance the costs of its current obligations to students and to further invest in forward looking strategies that build upon the heritage and services of the University of Wales. Further work on historical debts will be expedited to maximise cash reserves available to the University moving forward. Appropriate measures will continue to be taken during 2022/23 and 2023/24 to ensure the University balances its budget prior to the execution of the new University strategy

The University has prepared cash flow forecasts to the end of July 2024 under the existing operating model, acknowledging any income streams from the new strategy are anticipated from the 2023-2024 financial year.

These forecasts build on a strong cash balance at 31<sup>st</sup> July 2022 and even under plausible downside scenarios indicate that the University can operate within its currently available financial resources and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. These forecasts include opportunities for growth within the Press and appropriate allocation of resources across the University

Accordingly, the Council have deemed it appropriate to use the going concern basis of preparation within these financial statements.

### Environmental Reporting

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

The University is specifically committed to implementing a university wide Carbon Management Plan to achieve Net Zero by 2030.

In July 2014, the University adopted a Carbon Management Strategy to explicitly show its commitment to, and outline a plan for, managing and reducing its carbon emissions, against which considerable progress has been made; This has included: Solar installations, retro fitting the estate with energy efficient options such as LED lighting, Low carbon Heat Pumps, etc.

Systematic revision of this plan will enable the University to continue the journey to Net Zero Carbon while undertaking a range of assessments that will inform the development of a three-year plan that will recognise the progress to date and further map out the route to Net Zero Carbon

The action areas identified for carbon reduction fall within the following three main pillars.

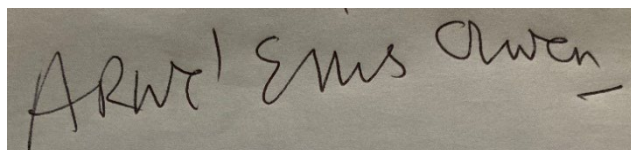
1. Implementing a Monitoring Programme to ensure accurate monitoring of energy use, and water use through the provision and use of an Energy Management System enabled by an appropriate software package.
2. Transition to ensure that all new capital projects are built to Net Zero Carbon BREEAM 'Excellent' score and there is an associated reduction in supply chain impacts.
3. To significantly improve the energy efficiency of the remaining estate, with full consideration given to replacement & renewable energy heat schemes and discontinuation use of gas. Campus development plans must prioritise decarbonisation opportunities such as scoping for Low/No Carbon Heat pilot projects and making demonstrable progress on understanding and implementing the remaining energy efficiency opportunities. which include utilisation of effective building management controls

## OPERATING AND FINANCIAL REVIEW

In addition, the University will:

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

Central to this is the Sustainable Development Group that the University has established, to bring together individuals from each institute and professional services unit to promote and communicate sustainability across the whole institution. This has resulted in several initiatives relating to Net Zero being communicated to staff, such as our “One Campus, One Day” initiative aimed at reducing inter-campus travel as well as providing a consultation forum for policy development, check and challenge.



**Arwel Ellis Owen**

Chair of Resources and  
Performance Committee  
University Registry,  
King Edward VII Avenue  
Cathays Park,  
Cardiff CF10 3NS



**Gavin Bessant**

Director of Financial Services

University Registry,  
King Edward VII Avenue  
Cathays Park,  
Cardiff CF10 3NS



## OPERATING AND FINANCIAL REVIEW

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### Governance arrangements

In accordance with the University's Royal Charter, the Council is the governing body of the University and is responsible, through Statute, for approving the strategic plans for the University and for governing and regulating its finances, accounts, investments, property, business and affairs. Its Powers are set out in the University's Statutes and Ordinances. Since 1 August 2017, the administration of governance arrangements has been with UWTSD and there is a common practice across the two universities.

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

The Council meets at least four times a year and also exercises its responsibilities through the executive management and several standing committees. A Scheme of Delegation sets out where decision-making authority in the name of, or on behalf of, the Council resides, and where this authority can and has been delegated. The standing committees are chaired by independent members of Council and all have a majority of independent members. Senior officers of the University attend meetings as necessary. . A *Code of Practice for Council Members* provides information on the procedures to be followed should a conflict of interest or loyalty arise.

The standing committees of Council in 2021/22 were as follows:

- **Academic Committee**

Established in 2019/20, the Academic Committee provides advice to Council on its determination of the educational character of the University.

The Committee met on three occasions in 202/22. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment and international activities and quality assurance.

The membership was follows (with attendance (%) provided in brackets): Geraint Roberts (Chair) (100%); Professor Medwin Hughes (66%); Uzo Iwobi (33%); Matthew Peake (66%); Liam Powell (resigned March 2022; 50%); Victoria Provis (100%); Randolph Thomas (100%); Dr Kerry Tudor (66%); Deris Williams (authorised period of absence; 0%).

- **Audit and Risk Committee**

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

The Committee met on four occasions in 2021/22. It considered a range of issues within the scope of its remit, including internal and external audit plans and findings; the financial statements prior to their submission to Council; and the corporate risk register. A major activity for the year was the tender for the appointment of internal and external auditors, with the Committee considering subsequent proposals for appointment and making recommendations to Council according.

The membership was follows (with attendance (%) provided in brackets): Arwel Ellis Owen (Chair) (100%); Tony Ball (100%); Nigel Roberts (100%); Dr Liz Siberry (75%); Deris Williams (authorised period of absence; 25%); Jayne Woods (co-opted; 100%).

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

## OPERATING AND FINANCIAL REVIEW

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- **Group Scrutiny Committee**

The Group Scrutiny Committee maintains oversight of the subsidiary companies of the University.

The Committee met on one occasion in 2021/22. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies.

The membership was follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Pam Berry (100%); Professor Medwin Hughes (100%); Liam Powell (resigned March 2022; 0%); Dr Stuart Robb (100%); Maria Stedman (100%); Randolph Thomas (100%); Jayne Woods (co-opted; 100%)

- **Nominations and Governance Committee**

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

The Committee met on three occasions in 2021/22. It considered a range of issues within the scope of its remit, including progress against the University's action plan arising from the Review of Governance of the Universities in Wales; the biennial review of compliance with the CUC Higher Education Code of Governance; and succession planning and the recruitment strategy for new independent governors.

The membership was as follows (with attendance (%) provided in brackets): Pam Berry (Chair) (100%); Andrew Curl (33%); Tania Davies (66%); Margaret Evans (100%); Professor Medwin Hughes (100%); Vanessa Liverpool (33%); Maria Stedman (66%); Randolph Thomas (100%); Deris Williams (authorised period of absence; 66%).

- **Remuneration Committee**

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

The Committee met on three occasions in 2021/22. The Committee also commissioned and participated in a two-part training programme on senior remuneration delivered by QCG Consulting.

The membership was as follows (with attendance (%) provided in brackets): Pam Berry (Chair) (100%); Justin Albert (33%); Andrew Curl (100%); Eifion Griffiths (66%); Vanessa Liverpool (66%); Dr Conny Matera-Rogers (100%); Randolph Thomas (100%).

The University publishes its annual pay policy on its website and can be viewed at the following link [annual-pay-policy-statement-july-2022.pdf](#)

- **Resources and Performance Committee**

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

The Committee met on four occasions in 2021/22. It considered a range of issues within the scope of its remit, including strategic and confederal developments; financial performance against forecasts and budgets and institutional sustainability; pensions; and human resources matters.

The membership was as follows (with attendance (%) provided in brackets): Andrew Curl (50%); Pam Berry (75%); John Edge (co-opted; 100%); Margaret Evans (100%); Eifion Griffiths (75%); Professor Medwin Hughes (50%); Rowland Jones (100%); Vanessa Liverpool (50%); Dr Conny Matera-Rogers

## OPERATING AND FINANCIAL REVIEW

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(75%); Maria Stedman (100%); Dr Geoffrey Thomas (co-opted; 100%); Randolph Thomas (chaired on two occasions in the absence of the Chair; 100%).

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

### **CUC Higher Education Code of Governance**

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

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

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

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

### **Camm Review of Governance of the Universities in Wales**

The Council has welcomed the *Review of Governance of the Universities in Wales* by Gillian Camm ('the Camm Review'), the report of which was published in February 2020. In July 2020 the Council formally adopted the Governance Charter for Universities in Wales published by the Chairs of Universities Wales (ChUW) and Universities Wales and agreed an action plan in response to the accompanying Commitment to Action. By October 2022 the Council had made considerable progress with implementing the plan, including by:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors;
- implementing a recruitment and induction strategy with a focus on diversity;
- reviewing the standing committee structure;
- confirming its approach to governor independence and conflict management;
- reviewing its arrangements for remuneration governance;
- completing a review of risk management policy;
- reviewing the internal audit process;
- commissioning an annual report on whistle-blowing; and
- approving the statements on independence, the role of the Secretary and annual reporting developed through the Welsh Clerks and Secretaries Group;
- approving an approach to leadership succession planning;

## **OPERATING AND FINANCIAL REVIEW**

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- adopting the new template for the Annual Report and Financial Statements;
- drafting a governor development and retention plan;
- participating in Advance HE workshops relating to equality and diversity and commencing work on its own EDI plan.

The Council's remaining work in relation to the Camm Review is scheduled for completion in 2022/23 following the publication of the sector-wide guidance on stakeholder engagement and the completion of other sector-wide work to support governor development and EDI planning.

## OPERATING AND FINANCIAL REVIEW

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### STATEMENT OF INTERNAL CONTROL

As the governing body of the University, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes.

The internal control system includes policies, regulations and plans; monitoring of financial and operational performance; segregation of duties; authorisation and approval procedures; information systems; and effective internal and external audit functions. It also includes an ongoing process designed to identify the principal risks to the achievement of the strategic plans and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. These systems have been in place for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements. The system accords with relevant guidance from the British Universities Finance Directors Group.

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

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

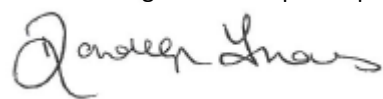
The University has established a robust methodology for evaluating and managing risk on a continuing basis, linked explicitly to the achievement of institutional objectives. The University risk register, which rates the likelihood and impact of identified risks, is maintained and regularly reviewed by the Senior Directorate. Registers are also maintained for discrete major projects and activities. The corporate risk register are considered at each meeting of the Audit and Risk Committee and changes are reported to the Council. The Risk Management Policy and the construction of the risk register were comprehensively reviewed in 2021/22 and proposed revisions were approved by the Council in July 2022. An internal audit of the Group's approach to Risk Management was undertaken in summer 2022 and provided adequate assurance on the adequacy of internal controls and substantial assurance on the effectiveness of internal controls. By October 2022 good progress had been made in addressing the audit recommendations.

The Council's review of the effectiveness of the system of internal control is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their year-end management letter and other reports. No significant internal control weaknesses or failures have arisen during the financial year or after the financial year but before these financial statements have been signed.

### Risk Management / Risk Register

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

Comprehensive procedures are in place and risk registers are updated on a regular basis and monitored by senior management. A report is presented to each meeting of the Audit and Risk Committee.



**The Venerable Randolph Thomas**  
*Chair of University Council*

## STATEMENT OF CORPORATE GOVERNANCE

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### STATEMENT OF COUNCIL RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for preparing the Annual Report, Operating and Financial Review and the Directors' Report and the financial statements in accordance with HEFCW requirements 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. HEFCW further requires 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 2022/22 issued by HEFCW.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves 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 Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. 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 Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the HEFCW have been applied in accordance with the Financial Management Code and 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 Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

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### INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of University of Wales ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Statements of Financial Position, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

##### Basis for opinion

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

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

##### Going concern

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

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

Our conclusions based on this work:

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

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

## INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

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### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and requests to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. We tested journals based on the following high-risk criteria: revenue journals posted to unrelated accounts; journal entries contain key words and unusual journal entries in relation to cash and borrowings.

#### *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 Council and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the Council 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.



## INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

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Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following area as that most likely to have such an effect: compliance with higher education regulatory requirements of the Higher Education Funding Council for Wales, recognising the regulated nature of the Group's activities and employment law. 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 Council (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises the Operating and Financial Review 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; or
- in our opinion the information given in Operating and Financial review and the Report of the Governors and Corporate Governance Statement. is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

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

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

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

We have nothing to report in these respects.

### **Council responsibilities**

As explained more fully in its statement set out on page [X], the Council is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either

## **INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES**

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intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

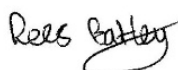
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2021/22 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

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

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

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



**Rees Batley**

**for and on behalf of KPMG LLP, Statutory Auditor**

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

3 Assembly Square  
 Britannia Quay  
 Cardiff  
 CF10 4AX  
 6 December 2022

**CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME**

|  |       | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|--|-------|-------------------------|---------------------|-------------------------|---------------------|
|  | Notes | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>Income</b>  |       |                         |                     |                         |                     |
| Other income   | 1     | 2,311                   | 2,289               | 2,262                   | 2,262               |
| Investment income  | 2     | 131                     | 131                 | 121                     | 121                 |
| Donations  |       | 1                       | 1                   | -                       | -                   |
| <b>Total Income</b>                                      |       | <b>2,443</b>            | <b>2,421</b>        | <b>2,383</b>            | <b>2,383</b>        |
| <b>Expenditure</b>                                       |       |                         |                     |                         |                     |
| Staff costs  | 3     | 1,331                   | 1,331               | 1,220                   | 1,220               |
| Fundamental restructuring costs                          | 3     | -                       | -                   | 8                       | 8                   |
| Other operating expenses                                 | 5     | 1,318                   | 1,316               | 1,034                   | 1,032               |
| Endowment transfer                                       | 5a    | -                       | -                   | 279                     | 279                 |
| Depreciation and impairments                             | 6     | 97                      | 97                  | 146                     | 146                 |
| Interest and other finance costs                         | 4     | 43                      | 43                  | 54                      | 54                  |
| <b>Total expenditure</b>                                 |       | <b>2,789</b>            | <b>2,787</b>        | <b>2,741</b>            | <b>2,739</b>        |
| <b>Deficit before other gains(losses)</b>                |       | <b>(346)</b>            | <b>(366)</b>        | <b>(358)</b>            | <b>(356)</b>        |
| Gain/(loss) on fixed assets investments                  | 7     | (47)                    | (47)                | 197                     | 197                 |
| Gain/(loss) on endowment investments                     | 7     | (103)                   | (103)               | 388                     | 388                 |
| <b>Surplus/(deficit) for the year</b>                    |       | <b>(496)</b>            | <b>(516)</b>        | <b>227</b>              | <b>229</b>          |
| Actuarial gain/(loss) in respect of pension schemes      | 17    | 2,917                   | 2,917               | 1,325                   | 1,325               |
| <b>Total comprehensive income/(expense) for the year</b> |       | <b>2,421</b>            | <b>2,401</b>        | <b>1,552</b>            | <b>1,554</b>        |
| <b>Represented by:</b>                                   |       |                         |                     |                         |                     |
| Endowment comprehensive income/(expense) for the year    |       | (12)                    | (12)                | 469                     | 469                 |
| Unrestricted comprehensive income/(expense) for the year |       | 2,433                   | 2,413               | 1,083                   | 1,085               |
|  |       | <b>2,421</b>            | <b>2,401</b>        | <b>1,552</b>            | <b>1,554</b>        |

The notes on pages 31 to 50 form part of these financial statements.

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

| <b>Consolidated</b>   | <b>Income and Expenditure Account</b> |                     | <b>Investment<br/>Revaluation<br/>Reserve</b> | <b>Total</b> |
|---|---------------------------------------|---------------------|---|--------------|
|   | <b>Endowment</b>                      | <b>Unrestricted</b> |   |              |
|   | <b>£'000</b>                          | <b>£'000</b>        | <b>£'000</b>                                  | <b>£'000</b> |
| <b>Balance at 1 August 2020</b>                             | <b>4,860</b>                          | <b>(3,724)</b>      | <b>1,141</b>                                  | <b>2,277</b> |
| Surplus/(deficit) from the income and expenditure statement | 469                                   | (439)               | 197   | 227          |
| Other comprehensive income                                  | -                                     | 1,325               | -   | 1,325        |
| Transfers between revaluation reserve and I&E Account       | -                                     | 85                  | (85)  | -            |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>469</b>                            | <b>971</b>          | <b>112</b>                                    | <b>1,552</b> |
| Other movement in year                                      | -                                     | -                   | -   | -            |
| <b>Balance at 1 August 2021</b>                             | <b>5,329</b>                          | <b>(2,753)</b>      | <b>1,253</b>                                  | <b>3,829</b> |
| Surplus/(deficit) from the income and expenditure statement | (12)                                  | (437)               | (47)  | (496)        |
| Other comprehensive income                                  | -                                     | 2,917               | -   | 2,917        |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>(12)</b>                           | <b>2,480</b>        | <b>(47)</b>                                   | <b>2,421</b> |
| Other in year movement                                      | -                                     | (2)                 | -   | (2)          |
| <b>Balance at 31 July 2022</b>                              | <b>5,317</b>                          | <b>(275)</b>        | <b>1,206</b>                                  | <b>6,248</b> |

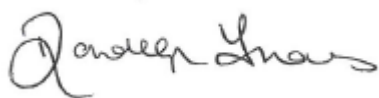
| <b>University</b>   | <b>Income and Expenditure Account</b> |                     | <b>Investment<br/>Revaluation<br/>Reserve</b> | <b>Total</b> |
|---|---------------------------------------|---------------------|---|--------------|
|   | <b>Endowment</b>                      | <b>Unrestricted</b> |   |              |
|   | <b>£'000</b>                          | <b>£'000</b>        | <b>£'000</b>                                  | <b>£'000</b> |
| <b>Balance at 1 August 2020</b>                             | <b>4,860</b>                          | <b>(3,720)</b>      | <b>1,141</b>                                  | <b>2,281</b> |
| Surplus/(deficit) from the income and expenditure statement | 469                                   | (437)               | 197   | 229          |
| Other comprehensive income                                  | -                                     | 1,325               | -   | 1,325        |
| Transfers between revaluation reserve and I&E Account       | -                                     | 85                  | (85)  | -            |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>469</b>                            | <b>973</b>          | <b>112</b>                                    | <b>1,554</b> |
| Other movement in year                                      | -                                     | (4)                 | -   | (4)          |
| <b>Balance at 1 August 2021</b>                             | <b>5,329</b>                          | <b>(2,751)</b>      | <b>1,253</b>                                  | <b>3,831</b> |
| Surplus/(deficit) from the income and expenditure statement | (12)                                  | (457)               | (47)  | (516)        |
| Other comprehensive income                                  | -                                     | 2,917               | -   | 2,917        |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>(12)</b>                           | <b>2,460</b>        | <b>(47)</b>                                   | <b>2,401</b> |
| Other in year movement                                      | -                                     | (4)                 | -   | (4)          |
| <b>Balance at 31 July 2022</b>                              | <b>5,317</b>                          | <b>(295)</b>        | <b>1,206</b>                                  | <b>6,228</b> |

The notes on page 31 to 50 form part of these financial statements.

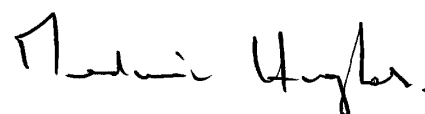
**CONSOLIDATED AND UNIVERSITY STATEMENTS OF FINANCIAL POSITION (Charity Number: 1146516)**

|  | Notes | As at 31 July 2022    |                     | As at 31 July 2021    |                     |
|--|-------|-----------------------|---------------------|-----------------------|---------------------|
|  |       | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| <b>Non-current assets</b>                            |       |                       |                     |                       |                     |
| Tangible Fixed assets                                | 6     | 1,424                 | 1,424               | 1,519                 | 1,519               |
| Investments  | 7     | 2,375                 | 2,375               | 2,525                 | 2,525               |
|  |       | <b>3,799</b>          | <b>3,799</b>        | <b>4,044</b>          | <b>4,044</b>        |
| <b>Current assets</b>                                |       |                       |                     |                       |                     |
| Stock  | 8     | 87                    | 87                  | 112                   | 112                 |
| Trade and other receivables                          | 9     | 1,846                 | 1,846               | 1,367                 | 1,367               |
| Cash and cash equivalents                            | 13    | 3,541                 | 3,519               | 3,772                 | 3,772               |
|  |       | <b>5,474</b>          | <b>5,452</b>        | <b>5,251</b>          | <b>5,251</b>        |
| Less: Creditors: amounts falling due within one year | 10    | (2,700)               | (2,698)             | (2,622)               | (2,620)             |
| <b>Net current assets/(liabilities)</b>              |       | <b>2,774</b>          | <b>2,754</b>        | <b>2,629</b>          | <b>2,631</b>        |
| <b>Provisions</b>                                    |       |                       |                     |                       |                     |
| Pension provisions                                   | 17    | (325)                 | (325)               | (139)                 | (139)               |
| Pension obligation to defined pension scheme         | 17    | -                     | -                   | (2,705)               | (2,705)             |
| <b>Net assets</b>                                    |       | <b>6,248</b>          | <b>6,228</b>        | <b>3,829</b>          | <b>3,831</b>        |
| <b>Restricted Reserves</b>                           |       |                       |                     |                       |                     |
| Income and expenditure reserve - endowment reserve   | 11    | 5,317                 | 5,317               | 5,329                 | 5,329               |
| <b>Unrestricted Reserves</b>                         |       |                       |                     |                       |                     |
| Income and expenditure reserve - unrestricted        |       | (275)                 | (295)               | (2,753)               | (2,751)             |
| Revaluation reserve                                  | 12    | 1,206                 | 1,206               | 1,253                 | 1,253               |
| <b>Total Reserves</b>                                |       | <b>6,248</b>          | <b>6,228</b>        | <b>3,829</b>          | <b>3,831</b>        |

The financial statements were approved by the Governing Body on 6<sup>th</sup> December 2022 and were signed on its behalf on that date by



The Venerable Randolph Thomas (Chair)



Prof Medwin Hughes (Vice-Chancellor)

The notes on page 31 to 50 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Notes     | Year ended 31<br>July 2022<br>£'000 | Year ended 31<br>July 2021<br>£'000 |
|---|-----------|-------------------------------------|-------------------------------------|
| <b>Cash flow from operating activities</b>                          |           |                                     |                                     |
| (Deficit)/Surplus for the year                                      |           | (496)                               | 227                                 |
| <b>Adjustment for non-cash items</b>                                |           |                                     |                                     |
| Depreciation  | 6         | 97                                  | 146                                 |
| Investment income   | 2         | (131)                               | (121)                               |
| Decrease/(increase) in stock  | 8         | 25                                  | 3                                   |
| (Increase)/decrease in debtors                                      | 9         | (479)                               | (655)                               |
| Increase in creditors   | 10        | 78                                  | 206                                 |
| USS Pension costs less contributions payable                        | 3         | 184                                 | (85)                                |
| UWSS Pension costs less contributions payable                       | 3         | 170                                 | 224                                 |
| Interest payable  | 4         | 43                                  | 54                                  |
| <b>Net cash outflow from operating activities</b>                   |           | <b>(509)</b>                        | <b>(1)</b>                          |
| <b>Cash flows from investing activities</b>                         |           |                                     |                                     |
| Disposal of non-current asset investments                           | 7         | -                                   | 919                                 |
| Disposal of endowment asset investments                             | 7         | -                                   | 1,638                               |
| Investment income   | 2         | 41                                  | 40                                  |
| Endowment income  | 2         | 90                                  | 81                                  |
| Fair value (increase)/decrease in investments                       | 7         | 150                                 | (585)                               |
| <b>Net cash inflow from investing activities</b>                    |           | <b>281</b>                          | <b>2,093</b>                        |
| <b>Cash flows from financing activities</b>                         |           |                                     |                                     |
| Capital purchases   |           | (3)                                 | (16)                                |
|   |           | <b>(3)</b>                          | <b>(16)</b>                         |
| <b>(Decrease)/Increase in cash and cash equivalents in the year</b> | <b>13</b> | <b>(231)</b>                        | <b>2,076</b>                        |
| Cash and cash equivalents at beginning of the year                  |           | <b>3,772</b>                        | 1,696                               |
| <b>Cash and cash equivalents at end of the year</b>                 |           | <b>3,541</b>                        | <b>3,772</b>                        |

The notes on page 31 to 50 form part of these financial statements.

## STATEMENT OF ACCOUNTING POLICIES

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### a. **Basis of preparation**

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

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

### b. **Basis of consolidation**

The consolidated financial statements comprise of the University and its subsidiary companies; Awen Wales Limited and Gwasg Gregynog Limited, for the year to 31 July 2022. As noted in note 17 Gwasg Gregynog was fully consolidated in the consolidated statement of financial position at 31 July 2022.

### c. **Going Concern**

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

As outlined in the introduction in October 2017 both the University of Wales and the University of Wales Trinity Saint David (UWTSD) approved a Deed which delivered on the original policy objective of integrating the two Universities, thus creating a new University for Wales. With the development of a new direction of the University of Wales being delivered through the business plan outlined in the University Strategy on page 5 this integration process has paused.

The University is confident that in the interim period of executing the business plan the University will continue to maintain a modest surplus and cash generation position. In addition, new funding streams for the University of Wales Press will be explored to build upon its brand identity and opportunities for integration into UWTSD will be taken forward. Under the above plans the University of Wales would remain as a separate legal entity with reduced powers to see out its obligations to registered students under the existing collaborative provision agreements.

Reserves of the University will continue to be applied appropriately to help finance the costs of its current obligations to students and to further invest in forward looking strategies that build upon the heritage and services of the University of Wales. Further work on historical debts will be expedited to maximise cash reserves available to the University moving forward. Appropriate measures will continue to be taken during 2022/23 and 2023/24 to ensure the University balances its budget prior to the execution of the new University strategy

The University has prepared cash flow forecasts to the end of July 2024 under the existing operating model, acknowledging that any income streams from the new strategy are anticipated from the 2023-2024 financial year.

These forecasts build on a strong cash position at 31<sup>st</sup> July 2022 and even under plausible downside scenarios indicate that the University is able to operate within its currently available financial resources and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. These forecasts include opportunities for growth within the Press and appropriate allocation of resources across the University.

The University has recorded a deficit for the year of £518k, of which £184k is attributed to an increase in the USS deficit provision. This deficit translates into a decrease in cash of £231k in the year. The position for the year follows a surplus of £227k generated in the year to July 2021 and positive cash generation in the previous year of £2.1 million. Officers and trustees are satisfied that the cash balance of £3.5 million at 31 July 2022 and forecasts for the 12 months following the date of approval of these financial statements provide sufficient cash and cash generating resources to meet its obligations as they fall due.

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

## STATEMENT OF ACCOUNTING POLICIES

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### d. **Income recognition**

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

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

#### Grant Funding

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

#### Donations and Endowments

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

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

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

There are two types of donations and endowments within reserves:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### Capital Grants

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

### e. **Accounting for retirement benefits**

The two principal pension schemes for the University's staff, are the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

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

#### Defined Contribution Plan

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

#### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk



## STATEMENT OF ACCOUNTING POLICIES

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

**f. Employment benefits**

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

**g. Foreign Currency**

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

**h. Fixed Assets**

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Costs (including irrecoverable VAT costs) incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives up to a maximum of 50 years.

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

Equipment

Equipment, including computers and software, costing less than de-minimus of £5,000 per individual item or group of items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

|   |           |
|---|-----------|
| Computer Equipment                                | 4 years   |
| Equipment acquired for specific research projects | 3-5 years |
| Other Equipment                                   | 10 years  |

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

Borrowing costs

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

## STATEMENT OF ACCOUNTING POLICIES

---

### i. **Investments**

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

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

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

Investments are shown at market value. It is the University's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising relating to previous years. As a result, the Statement of Comprehensive Income does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are treated as changes in the valuation of the investment portfolio throughout the year.

### j. **Stock**

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

Stocks of books held by the University of Wales Press are valued at the lower of cost and net realisable value and are written down after two or five years from the date of publication as determined by UW Press management. The cost of journal is written off in the year of publication.

### k. **Financial Instruments**

#### Trade and other debtors/creditors

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

#### Interest bearing borrowings

Interest-bearing borrowings other than public benefit entity concessionary loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Concessionary loans are recognised initially at the amount received or paid and subsequently measured at cost plus any accrued interest payable or receivable.

#### Cash and cash equivalents

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

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

### l. **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.

## STATEMENT OF ACCOUNTING POLICIES

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

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

**m. Accounting for joint ventures and associates**

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

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

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

**o. Reserves**

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

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

**p. Accounting estimates and judgements – key sources of estimation uncertainty**

Defined benefit pension scheme assumptions

The University has a defined benefit pension scheme. The valuation of the liabilities the scheme is calculated using a financial and demographic model to present a single scenario from a wide range of possibilities. The schemes' actual experience will inevitably differ from the assumptions underlying the financial and demographic model. The differences may be material because the valuation is very sensitive to the assumptions made over a long period of time. Please see note 44 for assumptions used in the valuation of pension assets and liabilities.

USS pension scheme assumptions

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 18.

## NOTES TO THE ACCOUNTS

|                              | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                              | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>1 Other income</b>        |                         |                     |                         |                     |
| Collaborative Provision fees | <b>1,318</b>            | <b>1,318</b>        | 1,477                   | 1,477               |
| Other services rendered      | <b>147</b>              | <b>147</b>          | 126                     | 126                 |
| Sales of publications        | <b>373</b>              | <b>373</b>          | 442                     | 442                 |
| Publication grants           | <b>150</b>              | <b>150</b>          | 111                     | 111                 |
| Other income                 | <b>323</b>              | <b>301</b>          | 106                     | 106                 |
|                              | <b>2,311</b>            | <b>2,289</b>        | 2,262                   | 2,262               |

|  | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|--|-------------------------|---------------------|-------------------------|---------------------|
|  | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>2 Investment income</b>                   |                         |                     |                         |                     |
| Investment income on endowments-unrestricted | <b>3</b>                | <b>3</b>            | 3                       | 3                   |
| Investment income on endowments-restricted   | <b>87</b>               | <b>87</b>           | 78                      | 78                  |
| Other investment income                      | <b>41</b>               | <b>41</b>           | 40                      | 40                  |
|  | <b>131</b>              | <b>131</b>          | 121                     | 121                 |

## NOTES TO THE ACCOUNTS

|                         | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|-------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                         | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>3 Staff costs</b>    |                         |                     |                         |                     |
| Salaries                | 752                     | 752                 | 840                     | 840                 |
| Social security costs   | 75                      | 75                  | 85                      | 85                  |
| Movement on USS pension | 184                     | 184                 | (85)                    | (85)                |
| Other pension costs     | 320                     | 320                 | 380                     | 380                 |
|                         | <b>1,331</b>            | <b>1,331</b>        | <b>1,220</b>            | <b>1,220</b>        |

## Emoluments of the Vice-Chancellor

The post of Vice Chancellor and Chief Executive is held by the Vice Chancellor of University of Wales: Trinity St. David who is employed by that institution and not by the University of Wales. In recognition of the services provided by the Vice-Chancellor and Chief Executive the University reimbursed University of Wales: Trinity St. David the sum of £59,400 in 2020-21 towards the basic salary and associated pension costs of the post. (2020-21 contribution: £59,800). This amount represented 20% of the Vice-Chancellor's salary. These costs are recognised in other operating expenses and not within staff costs.

## Emoluments of the Vice-Chancellor paid by the University of Wales: Trinity St David

|  | Year ended<br>31 July 2022<br>£'000 | Year ended<br>31 July 2021<br>£'000 |
|--|-------------------------------------|-------------------------------------|
| Salary                                       | 240                                 | 233                                 |
| Monetary value of benefits: Health Insurance | 3                                   | 3                                   |
| Monetary value of benefits: Accommodation    | -                                   | 11                                  |
|  | <b>243</b>                          | <b>247</b>                          |
| Pension contributions to USS                 | 54                                  | 52                                  |
|  | <b>297</b>                          | <b>299</b>                          |

There were no other higher paid staff in the year.

There was no compensation payable to other higher paid staff in year (2021: £Nil).

## NOTES TO THE ACCOUNTS

**3 Staff costs (continued)**

|                           | Year ended 31 July 2021 | Year ended 31 July 2020 |
|---------------------------|-------------------------|-------------------------|
| Average staff numbers by: | No.                     | No.                     |
| Academic departments      | -                       | -                       |
| Non-academic departments  | 18.7                    | 24.0                    |
|                           | <b>18.7</b>             | <b>24.0</b>             |

There are no key management personnel that require separate disclosure.

**Restructuring Costs**

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

|  | Year ended 31 July 2022 |            | Year ended 31 July 2021 |            |
|--|-------------------------|------------|-------------------------|------------|
|  | Consolidated            | University | Consolidated            | University |
|  | £'000                   | £'000      | £'000                   | £'000      |
| Paid to employees on termination of employment | -                       | -          | 8                       | 8          |

**Trustees**

The University's Council members are the trustees for charitable law purposes. The trustees who served in the year, and up to the signing date of these financial statements are listed on page 2.

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

No Council member has received any remuneration/waived payments from the group during the year (2021 - £Nil).

The total expenses paid to or on behalf of 15 council members was £Nil (2021: £Nil to 15 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity

## NOTES TO THE ACCOUNTS

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### 3 Staff costs (continued)

#### Vice-Chancellor Remuneration Statement

The ratio of the salary of the Vice Chancellor compared to the median average of the University is 8.1:1 and the ratio of the total remuneration of the Vice Chancellor compared to the median average of the University is 7.7:1.

The Remuneration Committee noted the Vice Chancellor's current salary was below the average in the HEFCW comparator group and also noted the senior officers, including the Vice-Chancellor, had not received a pay increase for the last two years.

The Vice Chancellor is also Vice Chancellor of the University of Wales Trinity St David and 20% of the Vice Chancellor's emoluments are recharged to the University of Wales. The emoluments and ratios disclosed above represent 100% of the Vice Chancellor's emoluments (as disclosed above).

The Vice Chancellor has a significant breadth of responsibility spanning Higher Education and Further Education. This includes the University of Wales Trinity St David, The University of Wales, Coleg Sir Gar and Coleg Ceredigion. Within UWTSD, there has been an expansion of responsibility in Birmingham and London. In recognition of all the relevant contextual information including the level of the sector pay award and the need to broadly maintain UWTSD's position amongst the comparators, the Vice-Chancellor was awarded a salary increase for 2021/2022. 100% of the Vice Chancellor's emoluments are disclosed in these accounts and do not take into account any recharge to the University of Wales.

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

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

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

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

## NOTES TO THE ACCOUNTS

|   | Year ended 31 July 2022 |            | Year ended 31 July 2021 |            |
|---|-------------------------|------------|-------------------------|------------|
|   | Consolidated            | University | Consolidated            | University |
|   | £'000                   | £'000      | £'000                   | £'000      |
| <b>4 Interest and other finance costs</b> |                         |            |                         |            |
| Net charge on USS pension scheme          | 1                       | 1          | 2                       | 2          |
| Net charge on UWSS pension scheme         | 42                      | 42         | 52                      | 52         |
|   | <b>43</b>               | <b>43</b>  | <b>54</b>               | <b>54</b>  |

|   | Year ended 31 July 2022 |              | Year ended 31 July 2021 |              |
|---|-------------------------|--------------|-------------------------|--------------|
|   | Consolidated            | University   | Consolidated            | University   |
|   | £'000                   | £'000        | £'000                   | £'000        |
| <b>5 Analysis of other operating expenses by activity</b> |                         |              |                         |              |
| Academic and related expenditure                          | 90                      | 90           | 203                     | 203          |
| Administration and central services                       | 493                     | 493          | 337                     | 337          |
| Premises related expenditure                              | 142                     | 142          | 118                     | 118          |
| Other services and expenses                               | 593                     | 591          | 376                     | 374          |
|   | <b>1,318</b>            | <b>1,316</b> | <b>1,034</b>            | <b>1,032</b> |

Other operating expenses include:

|  |    |    |    |    |
|--|----|----|----|----|
| External auditor's remuneration in respect of audit services     | 36 | 33 | 28 | 26 |
| External auditor's remuneration in respect of non-audit services | 2  | 2  | 2  | 2  |

**5a Endowment transfer**

In 2018-19 The Gregynog Estate was transferred to an independent charitable trust being The Gregynog Trust (Charity No 1180943) under a Business Transfer Agreement signed on 21 June 2019. As part of this agreement there was a subsequent transfer of a restricted endowment trust amounting to £279k in 2020-21.



## NOTES TO THE ACCOUNTS

**6 Tangible fixed assets****Consolidated****Cost or valuation**

At 1 August 2021

Additions in the year

Disposals

**At 31 July 2022**

At 1 August 2021

Charge for the year

Disposals

**At 31 July 2022****Net book value****At 31 July 2022**

At 31 July 2021

| Leasehold<br>land and<br>buildings | Equipment,<br>fixtures<br>and fittings | Totals |
|------------------------------------|--|--------|
| £'000                              | £'000                                  | £'000  |

2,528 1,483 4,011

- 2 2

- (472) (472)

**2,528 1,013 3,541**

1,058 1,434 2,492

79 18 97

- (472) (472)

**1,137 980 2,117****1,391 33 1,424**

1,470 49 1,519

| Leasehold<br>land and<br>buildings | Equipment,<br>fixtures<br>and fittings | Totals |
|------------------------------------|--|--------|
| £'000                              | £'000                                  | £'000  |

2,528 1,483 4,011

- 2 2

- (472) (472)

**2,528 1,013 3,541**

1,058 1,434 2,492

79 18 97

- (472) (472)

**1,137 980 2,117****1,391 33 1,424**

1,470 49 1,519

**University****Cost or valuation**

At 1 August 2021

Additions in the year

Disposals

**At 31 July 2022**

At 1 August 2021

Charge for the year

Disposals

**At 31 July 2022****Net book value****At 31 July 2022**

At 31 July 2021

## NOTES TO THE ACCOUNTS

|  | Fixed Asset<br>Investments<br>£'000 | Endowment<br>Investments<br>£'000 | Other<br>Investments<br>£'000 | Total<br>£'000 |
|--|-------------------------------------|-----------------------------------|-------------------------------|----------------|
| <b>7 Non-current investments</b>       |                                     |                                   |                               |                |
| <b>Consolidated</b>                    |                                     |                                   |                               |                |
| At 1 August 2021                       | 796                                 | 1,729                             | -                             | 2,525          |
| (Decrease)/increase in<br>market value | (47)                                | (103)                             | -                             | (150)          |
| <b>At 31 July 2022</b>                 | <b>749</b>                          | <b>1,626</b>                      | <b>-</b>                      | <b>2,375</b>   |

|  | Fixed Asset<br>Investments<br>£'000 | Endowment<br>Investments<br>£'000 | Other<br>Investments<br>£'000 | Total<br>£'000 |
|--|-------------------------------------|-----------------------------------|-------------------------------|----------------|
| <b>University</b>                      |                                     |                                   |                               |                |
| At 1 August 2021                       | 796                                 | 1,729                             | -                             | 2,525          |
| Additions                              | -                                   | -                                 | -                             | -              |
| Impairment                             | -                                   | -                                 | -                             | -              |
| (Decrease)/increase in<br>market value | (47)                                | (103)                             | -                             | (150)          |
| <b>At 31 July 2022</b>                 | <b>749</b>                          | <b>1,626</b>                      | <b>-</b>                      | <b>2,375</b>   |

**7a Other Investments****Consolidated – Awen Wales Ltd**

The University owns 100% of the issued share capital of £1 ordinary shares of Awen Wales Limited, a company, registered in England and Wales and operating in the U.K. Through the company, as at 31 July 2020, the University had taken up 7% of a maximum 40% investment in the International University Malaya-Wales, a joint venture initiative between the University of Malaya and the University of Wales. This investment amount is £224,000 but has been fully impaired in a prior year.

**University – UW Centre for Advanced Batch Manufacture Ltd**

At the 31 July 2019 the University had a 51% holding in the UW Centre for Advance Batch Manufacturing Ltd, the company undertakes research and consultancy to develop industrial specific solutions for SMEs. On the 1st July 2020 the University disposed 200,000 A shares to University of Wales Trinity St David for nil consideration and acquired 200,000 B shares from University of Wales Trinity St David for nil consideration. The increase in A shares, which have voting rights, give the University of Wales Trinity St David the controlling interest in the company and at which point its assets and liabilities were removed from the University of Wales' group balance sheet. At the date of disposal the University held an investment in this company to the value of £1.327m which has been fully impaired in a prior year.

During the year the University had a 49% holding in the company. Its share of the loss amounting to £24,330 is unrecognised in the University's accounts.

## NOTES TO THE ACCOUNTS

**Gwasg Gregynog**

Gwasg Gregynog is a registered charity that acts to promote for the benefit of the public and for the furtherance of education:

- i. the preservation and maintenance of Gwasg Gregynog
- ii. the printing, binding and production of fine private press books of literary, artistic or historical interest by traditional letter-press methods in addition to using materials of high quality.
- iii. an educational service to the University of Wales Trinity St David, schools, colleges and other interested parties by giving lectures on the history and work of Gwasg Gregynog and giving guided tours of the press.
- iv. the promotion of a wider understanding and appreciation of all aspects of the craft and art of book printing and binding by holding permanent and temporary exhibitions of fine books produced by Gwasg Gregynog and the printing techniques used to produce the books.
- v. the preservation and encouragement of the knowledge and traditional skills of letterpress, bookbinding and associated skills.

Following the transfer of Gregynog Hall and Estate from the University to a new independent Gregynog Charitable Trust in 2019 the University has exercised the powers of governance in the Company's Memorandum of Articles and Association. A business plan is in development that the University believes will generate value to Gwasg Gregynog and the company has been fully consolidated into the consolidated financial statements accordingly at 31<sup>st</sup> July 2022.

No purchase price was paid by the University and the consolidation is based on an effective change in control.

At the date of transfer Gwasg Gregynog's balance sheet consists of a cash balance of £21k which is recognised in the consolidated cash balance.

|                  | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|------------------|-------------------------|---------------------|-------------------------|---------------------|
|                  | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>8 Stock</b>   |                         |                     |                         |                     |
| Books for resale | 85                      | 85                  | 106                     | 106                 |
| Other            | 2                       | 2                   | 6                       | 6                   |
|                  | <b>87</b>               | <b>87</b>           | <b>112</b>              | <b>112</b>          |

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

|                                      | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|--------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                      | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>9 Trade and other receivables</b> |                         |                     |                         |                     |
| Amounts falling due within one year: |                         |                     |                         |                     |
| Trade debtors                        | 1,796                   | 1,796               | 1,360                   | 1,360               |
| Prepayments and accrued income       | 50                      | 50                  | 7                       | 7                   |
|                                      | <b>1,846</b>            | <b>1,846</b>        | <b>1,367</b>            | <b>1,367</b>        |

## NOTES TO THE ACCOUNTS

|  | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|--|-------------------------|---------------------|-------------------------|---------------------|
|  | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>10 Creditors</b>                        |                         |                     |                         |                     |
| Amounts falling due within one year:       |                         |                     |                         |                     |
| Trade creditors                            | 1,111                   | 1,109               | 1,122                   | 1,120               |
| Social security and other taxation payable | 28                      | 28                  | 41                      | 41                  |
| Receipts in advance                        | 384                     | 384                 | 273                     | 273                 |
| Accruals and deferred income               | 179                     | 179                 | 188                     | 188                 |
| Welsh Church Act balances                  | 998                     | 998                 | 998                     | 998                 |
|  | <b>2,700</b>            | <b>2,698</b>        | <b>2,622</b>            | <b>2,620</b>        |

The Welsh Church Act balances represent those amounts held on the Beneficiaries Fund. These balances are distributed in arrears to the beneficiaries under the Welsh Church Acts; namely the university institutions at Aberystwyth, Bangor, Cardiff and Swansea (3/16ths each), the University of Wales itself and the National Library of Wales (1/8th each). The balance due to the University itself is shown as deferred income. The funds are also held to cover the current and future administration costs and are distributed to the benefactors at the discretion of the Trustees and are therefore disclosed as a short term creditor. It is planned to make a distribution in 2022-23.

|  | Restricted<br>permanent<br>endowment<br>£'000 | Unrestricted<br>permanent<br>endowment<br>£'000 | 2022 Total<br>£'000 | 2021 Total<br>£'000 |
|--|---|---|---------------------|---------------------|
|  |   |   |                     |                     |
| <b>11 Endowment funds</b>                                    |   |   |                     |                     |
| <b>Consolidated and University</b>                           |   |   |                     |                     |
| Restricted net assets relating to endowments are as follows: |   |   |                     |                     |
| <b>Balance at 1 August</b>                                   | <b>5,206</b>                                  | <b>123</b>                                      | <b>5,329</b>        | <b>4,860</b>        |
| New endowments   | -   | -   | -                   | -                   |
| Investment income  | 87  | 3   | 90                  | 81                  |
| Increase/(decrease) in market value of investments           | (99)  | (3)   | (102)               | 388                 |
| <b>Total endowment comprehensive income for the year</b>     | <b>(12)</b>                                   | <b>-</b>  | <b>(12)</b>         | <b>469</b>          |
| <b>Balance at 31 July</b>                                    | <b>5,194</b>                                  | <b>123</b>                                      | <b>5,317</b>        | <b>5,329</b>        |

## NOTES TO THE ACCOUNTS

|  | Year ended 31 July 2022 |                     | Year ended 31 July 2021 |                     |
|--|-------------------------|---------------------|-------------------------|---------------------|
|  | Consolidated<br>£'000   | University<br>£'000 | Consolidated<br>£'000   | University<br>£'000 |
| <b>12 Fixed asset investments</b>                          |                         |                     |                         |                     |
| <b>Consolidated and University</b>                         |                         |                     |                         |                     |
| <b>Balances at 1 August</b>                                | <b>1,253</b>            | <b>1,253</b>        | <b>1,141</b>            | <b>1,141</b>        |
| Disposals  | -                       | -                   | (85)                    | (85)                |
| Increase/(decrease) in market value of investments         | (47)                    | (47)                | 197                     | 197                 |
| <b>Total fixed asset comprehensive income for the year</b> | <b>(47)</b>             | <b>(47)</b>         | <b>112</b>              | <b>112</b>          |
| <b>Balance at 31 July</b>                                  | <b>1,206</b>            | <b>1,206</b>        | <b>1,253</b>            | <b>1,253</b>        |

|                                     | At 31 July<br>2022<br>£'000 | Cashflow<br>£'000 | At 1 August<br>2021<br>£'000 |
|-------------------------------------|-----------------------------|-------------------|------------------------------|
|                                     |                             |                   |                              |
| <b>13 Cash and cash equivalents</b> |                             |                   |                              |
| <b>Consolidated</b>                 |                             |                   |                              |
| Current assets                      | 1,070                       | (231)             | 1,301                        |
| Investment Cash uninvested          | 2,471                       | -                 | 2,471                        |
| <b>Balance at 31 July</b>           | <b>3,541</b>                | <b>(231)</b>      | <b>3,772</b>                 |
| <b>University</b>                   |                             |                   |                              |
| Current assets                      | 1,048                       | (253)             | 1,301                        |
| Investment Cash uninvested          | 2,471                       | -                 | 2,471                        |
| <b>Balance at 31 July</b>           | <b>3,519</b>                | <b>(253)</b>      | <b>3,772</b>                 |

**14 Intercompany Transactions**

The company has taken advantage of the disclosure exemptions of 100% owned related party transactions under FRS102.

The transactions with related parties that are not 100% owned by the group are disclosed below:

University of Wales Trinity St David is deemed a related party in that it has key management personnel in common with the University - Balances: £1,404k receivable (2021: £906k), £173k payable (2021: £474k) Total income £1,796k (2021: £878k) Total expenditure £39k (2020: £2k).

University of Wales Trinity St David's utilises the DTC and CAWCS buildings, which are owned by the University of Wales. No consideration is received by the University for the use of these buildings.

UW Centre for Advanced Batch Manufacture Limited is a related party in that it is a subsidiary company that the University has a minority interest. During the year the University provided further financing of £Nil (2020: £Nil) into the subsidiary. Balances: £196k payable (2021: £126k).

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

Payments to Council members in relation to their duties are disclosed in note 3.

## NOTES TO THE ACCOUNTS

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### 15 Contingent Liabilities

There have been no material events in the period between 31<sup>st</sup> July 2022 and the signing of the accounts on the 6 December 2022.

The University is a member of UMAL, a company limited by guarantee, formed to provide a mutual association for insurance risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using an internal loan facility over seven years.

### 16 Non adjusting Post Balance Sheet Events

As at 30 November an amount of £2.6m (valued at 31 October 2022) was transferred to the UW Restricted Endowment Trust (UWRET) in relation to restricted endowments previously held under the university's name but transferred to UWRET's administration under the Wales Pledge promise.

There have been no other material events in the period between 31<sup>st</sup> July 2022 and the signing of the accounts on the 6<sup>th</sup> December 2022

### 17 Business Combinations

Gwasg Gregynog is a registered charity that acts to promote for the benefit of the public and for the furtherance of education:

- i. the preservation and maintenance of Gwasg Gregynog
- ii. the printing, binding and production of fine private press books of literary, artistic or historical interest by traditional letter-press methods in addition to using materials of high quality.
- iii. an educational service to the University of Wales Trinity St David, schools, colleges and other interested parties by giving lectures on the history and work of Gwasg Gregynog and giving guided tours of the press.
- iv. the promotion of a wider understanding and appreciation of all aspects of the craft and art of book printing and binding by holding permanent and temporary exhibitions of fine books produced by Gwasg Gregynog and the printing techniques used to produce the books.
- v. the preservation and encouragement of the knowledge and traditional skills of letterpress, bookbinding and associated skills.

During the company's financial year to March 2020 ownership and management of Gregynog Hall and Estate was transferred from the University to a new independent Gregynog Charitable Trust.

In the period to July 2022 the University has exercised the powers of governance in the Company's Memorandum of Articles and Association, the company made no transactions in these periods and no value was associated to the company. During the year to July 2022 the development of a business plan was initiated that the University believes will generate value to Gwasg Gregynog and the company has been fully consolidated into the consolidated financial statements accordingly at 31<sup>st</sup> July 2022.

At the date of transfer the following balances were brought into the consolidated accounts Gwasg Gregynog's balance.

|                           | £'000     |
|---------------------------|-----------|
| Cash and cash equivalents | 22        |
| <b>Net Assets</b>         | <b>22</b> |
| Funds:                    |           |
| Unrestricted funds        | 22        |
| <b>Total Funds</b>        | <b>22</b> |

## NOTES TO THE ACCOUNTS

## 18 Pension schemes

## University of Wales Superannuation Scheme (UWSS)

The University operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 July 2019 and updated to 31 July 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The full actuarial valuation showed a deficit of £609k. The university has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years and 2 months from 31 July 2019 i.e. by 30 September 2026 with a payment of additional contributions of £50k in respect of the deficit. The first of these payments was made on or before 31 July 2021 and will continue for 6 years, with each instalment due before 31 July each year until 2026. In addition, and in accordance with the actuarial valuation, the university has agreed with the trustees that it will pay 27.6% until 30 November 2020 and 20.0% from 1 December 2020 of pensionable earnings in respect of the cost of accruing benefits and will meet expenses of the scheme and levies to the Pension Protection Fund. Member contributions are payable in addition at a rate of 8.0% of pensionable pay.

Amounts recognised in the statement of financial position are:

|                                       | 31 Jul 2022<br>£'000 | 31 Jul 2021<br>£'000 |
|---------------------------------------|----------------------|----------------------|
| Defined benefit obligation            | (9,503)              | (13,221)             |
| Fair value of plan assets             | 9,730                | 10,516               |
| Funded status                         | 227                  | (2,705)              |
| Unrecognised assets                   | (227)                | -                    |
| Net defined benefit asset/(liability) | -                    | (2,705)              |

The scheme is in a technical surplus position at 31 July 2022. The University does not recognise pension assets and the balances are stated at £Nil.

Defined benefit costs recognised in comprehensive income statement are:

|  | 31 Jul 2022<br>£'000 | 31 Jul 2021<br>£'000 |
|--|----------------------|----------------------|
| Service cost:  |                      |                      |
| Change arising from employee service in reporting year (net of employer contributions) | 160                  | 85                   |
| Administration expenses paid from plan assets  | 10                   | 139                  |
|  | 170                  | 224                  |
| Net interest cost  | 42                   | 52                   |
| Cost relating to defined benefit plans included SCI                                    | 212                  | 276                  |

Gains/(Losses) recognised in comprehensive income statement are:

|  | 31 Jul 2022<br>£'000 | 31 Jul 2021<br>£'000 |
|--|----------------------|----------------------|
| Remeasurements-  |                      |                      |
| Return on plan assets  | (734)                | 1,493                |
| Effect of experience adjustments                             | (823)                | 160                  |
| Effect of changes in assumptions                             | 4,701                | (328)                |
| Changes in unrecognised assets                               | (227)                | -                    |
| Total amount recognised in other comprehensive income - gain | 2,917                | 1,325                |

## NOTES TO THE ACCOUNTS

## University of Wales Superannuation Scheme (UWSS) (continued)

Significant actuarial assumptions were:

|   | 31 July 2022   | 31 July 2021   |
|---|--|--|
| Discount rate                                   | 3.50%  | 1.60%  |
| Price Inflation rate – RPI                      | 3.25%  | 3.20%  |
| Price inflation rate – CPI                      | 2.35%  | 2.30%  |
| Salary increase rate                            | 3.85%  | 3.60%  |
| Post-retirement mortality assumption            | 114% (males) and 112% (females) of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2021 converging to 1.25% pa | 114% (males) and 112% (females) of the standard tables S3PxA, Year of Birth, no age rating projected using CMI_2020 converging to 1.25% pa |
| Assumed life expectancy on retirement at age 64 |  |  |
| Retiring today                                  | 22.1(M)/24.6(F)  | 22.0(M)/24.5(F)  |
| Retiring in 20 years                            | 23.4(M)/26.1(F)  | 23.4(M)/26.0(F)  |

Change in defined benefit obligation and fair value of plan assets:

|  | Assets<br>£'000 | Liabilities<br>£'000 | Total<br>£'000 |
|--|-----------------|----------------------|----------------|
| Reconciliation of scheme assets and liabilities:                     |                 |                      |                |
| At start of period   | 10,516          | (13,221)             | (2,705)        |
| Benefits paid  | (343)           | 343                  | -              |
| Administrative expenses  | (10)            | -                    | (10)           |
| Current service cost   | -               | (256)                | (256)          |
| Contributions from employer  | 96              | -                    | 96             |
| Contributions from employees   | 38              | (38)                 | -              |
| Interest income/(expense)  | 167             | (209)                | (42)           |
| Return on assets (excluding amount included in net interest expense) | (734)           | -                    | (734)          |
| Actuarial gain/(losses)  | -               | 3,878                | 3,878          |
| At end of period   | 9,730           | (9,503)              | 227            |
| Unrecognised assets  | (227)           | -                    | (227)          |
| At end of period   | 9,503           | (9,503)              | -              |

|   | 31 July 2022<br>£'000 | 31 July 2021<br>£'000 |
|---|-----------------------|-----------------------|
| The defined benefit obligations are as follows: |                       |                       |
| Actives   | 1,243                 | 2,009                 |
| Vested deferreds                                | 3,781                 | 5,869                 |
| Retirees  | 4,479                 | 5,343                 |
| Total   | 9,503                 | 13,221                |

|                                   | 31 July 2022<br>£'000 | 31 July 2021<br>£'000 |
|-----------------------------------|-----------------------|-----------------------|
| The scheme assets are as follows: |                       |                       |
| Cash and cash equivalents         | 97                    | 98                    |
| Equity instruments                | 3,876                 | 4,197                 |
| Debt instruments                  | 1,987                 | 2,198                 |
| Other                             | 3,770                 | 4,023                 |
| Total                             | 9,730                 | 10,516                |

None of the fair value of the assets shown above include any direct investments in the university's own financial instruments property occupied by, or other assets used by, the university.



## NOTES TO THE ACCOUNTS

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

### Universities Superannuation Scheme (USS)

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

The total charged to the Consolidated Statement of Comprehensive Income is £186k (2020: credit £83k). Deficit recovery contributions due within one year for the University are £22k (2021: £18k).

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

Since the institution cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles ([uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](http://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)).

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

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

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

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

The current life expectancies on retirement at age 65 are:

|                                 | <b>2022</b> | <b>2021</b> |
|---------------------------------|-------------|-------------|
| Males currently aged 65 years   | <b>23.9</b> | 24.7        |
| Females currently aged 65 years | <b>25.5</b> | 26.1        |
| Males currently aged 45 years   | <b>25.9</b> | 26.7        |
| Females currently aged 45 years | <b>27.3</b> | 27.9        |

The liability figures have been produced using the following assumptions:

|                      | <b>2022</b>  | <b>2021</b> |
|----------------------|--------------|-------------|
| Discount rate        | <b>3.31%</b> | 0.87%       |
| Pension growth (CPI) | <b>2.35%</b> | 2.00%       |

The employers' contribution rate are as follows:

| Effective date                      | Rate  |
|-------------------------------------|-------|
| 1 October 2019 to 30 September 2021 | 21.0% |
| 1 October 2021 to 31 March 2022     | 21.4% |
| 1 April 2022 to 31 March 2024       | 21.6% |
| 1 April 2024 to 30 April 2038       | 21.4% |

The deficit provision recognised by the University is sensitive to movements in the input assumptions. The impact of movements in the key assumptions are as below

|  |       |
|--|-------|
| Change to current position at 31 July 2022         | £'000 |
| 0.5% pa decrease in discount rate                  | 12    |
| 0.5% increase in discount rate                     | (13)  |
| 0.5% pa increase in salary inflation over duration | (13)  |

|   | <b>31 July 2022</b> | <b>31 July 2021</b> |
|---|---------------------|---------------------|
|   | <b>£'000</b>        | <b>£'000</b>        |
| Opening deficit                                     | <b>(139)</b>        | (222)               |
| Deficit contributions paid during the year          | <b>9</b>            | 7                   |
| Change in expected contributions                    | <b>(194)</b>        | 78                  |
|   | <b>(185)</b>        | 85                  |
| Interest costs (in the form of the discount unwind) | <b>(1)</b>          | (2)                 |
| Closing deficit                                     | <b>(325)</b>        | (139)               |