

University of Wales

Charity number: **1146516**

**Consolidated Financial Statements
For the year ended 31 July 2023**

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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 2022/23 is provided in brackets, calculated on the basis of the number of meetings individuals were eligible to attend.

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 until 31 August 2023) (100%) (2022: 100%)

Emlyn Dole (Appointed 6.3.2023; Chair from 1 September 2023) (n/a) (2022: n/a)

Justin Albert OBE (100%) (2022: 50%)

Siwan Davies (Resigned 31.5.2023) (100%) (2022: 50%)

Timothy J Llewellyn (Appointed 1.1.2023) (100%) (2022: n/a)

Arwel Ellis Owen OBE (75%) (2022: 80%)

Dr Elizabeth Siberry OBE (100%) (2022: 80%)

Maria Stedman (75%) (2022: 80%)

Nigel Roberts (100%) (2022: 100%)

Deris Davies Williams MBE (75%) (2022: 60%)

Co-opted Members

Geraint Evans (Appointed 1 August 2023) (2022: n/a)

Iwan Thomas (Appointed 1 August 2023) (2022: n/a)

Staff Member

Dr Stuart Robb (100%) (2022: 100%)

Clerk and secretary: Sarah Clark (Resigned 31.08.2023) (100%) (2022: 100%)

Clerk and secretary: Rebecca Doswell (Appointed 01.09.2023) (2022: n/a)

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, 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 Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT

INTRODUCTION BY THE CHAIR OF COUNCIL AND THE VICE-CHANCELLOR

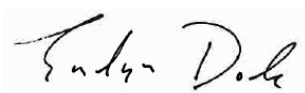
Introduction by the Chair of Council

I'm pleased to introduce the Annual Report and Financial Operating Statement for the academic year 2022-23. As a newly appointed Chair of Council, I am indebted to my fellow Council Members and to the former Chair, the Venerable Randolph Thomas and Vice-Chancellor, Professor Medwin Hughes, CBE, DL for their achievements during the period of this report.

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 Saint 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 of Wales.

An imperative for the University Council has been to deal with 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 the key pledges made over a decade ago. The nature of such implementation has called upon the University to invest and disinvest in an appropriate manner, while also being mindful to safeguard the cultural assets associated with the University of Wales. It has included the continual investment in the intellectual capital capacity of the University of Wales Press (UWP). UWP, which celebrated its centenary in 2022, has continued to support and disseminate scholarship from and about Wales to a worldwide audience by publishing scholarly research in the Humanities, Arts and Social Sciences. In the same context, the University's commitment to Celtic scholarship was further promoted with the University of Oxford and UWTSD with a number of initiatives taken forward via the Centre for Advanced Welsh and Celtic Studies.

I am grateful to the staff and members of the University council for their continued and valued support.



Emlyn Dole
Chair of Council

INTRODUCTION BY THE CHAIR OF COUNCIL AND THE VICE-CHANCELLOR

Introduction by the Vice-Chancellor

On the first of September 2023, I was privileged to take over as Vice-Chancellor and Chief Accounting Officer of the University. I am extremely proud to be given the opportunity to lead such a magnificent and historic institution and I pay tribute to those who have played an important part in my journey.

This review looks back at the University's work during 2021 and 2022 and therefore I must credit others for their commitment and diligence in moving the University forward during an unprecedented and challenging period for the sector, and to our whole society.

My first few months as Vice-Chancellor has been focused on meeting colleagues across the institution as we look to crafting a new institutional strategic plan. These meetings have afforded me the opportunity to listen to colleagues' views and to gain an invaluable insight into the work of the University of Wales.

Since 2012, the University strategy 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 to move to the next phase of the formal merger and 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 constitutional merger, no formal timetable had been set for the conclusion of this merger and the integration plans have been paused.

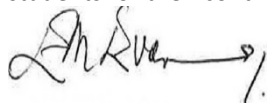
During 2022 the officers and trustees of the University began to explore a confederal framework that would allow the University to consider the implications of the new Tertiary Education Act (2022) and the establishment of the Commission for Tertiary Education and Research. Development of the framework has continued through the year between the University, the UWTSD Group, which includes Coleg Sir Gâr and Coleg Ceredigion as constituent colleges, as well as three other FE partners.

During 2022-23, the University of Wales Press (UWP) published 42 new titles, including 5 Welsh language and 1 bilingual, and 14 journals editions with a total of 65 articles and reviews. The new trade imprint, Calon, published 7 new titles, all of which has a Welsh connection and were successful both within the UK and more widely, particularly in the United States. I'm delighted to note that Dr Simon Brooks' book, *Hanes Cymry: Lleiafrifoedd Ethnig a'r Gwareiddiad Cymraeg* won the Ellis-Griffith Memorial Prize in December 2022. UWP also retained the BIC Metadata Excellence Award, reflecting its commitment to the quality of data and ensuring that sales potential is maximised. During the year, UWP developed its Print-on-Demand programme with a view to expanding into various global territories over the coming year.

The University of Wales continued to manage the exit from its collaborative provision and maintained the academic governance through which it has continued to ensure that its structures remain appropriate for oversight of the quality and standards of the University's academic awards.

During the academic year, the Venerable Randolph Thomas, Chair of the Councils of University of Wales Trinity Saint David and University of Wales and Professor Medwin Hughes, CBE, DL, Vice-Chancellor retired. Both have shown exceptional leadership and steadfast commitment to the University over many years, and I would like to thank them for their exceptional contribution to the University and to higher education in Wales.

I would also like to express my enormous gratitude to the University's Governing Body, colleagues, and students for their continued and valued support.



Professor Elwen Evans, KC
Vice-Chancellor

OPERATING AND FINANCIAL REVIEW

Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2023 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 2022/23 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 2023 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 2023.

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 2022/23 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 Welsh Language (Wales) Measure 2011 affords the Welsh language official status in Wales. This means it must be treated no less favourably than the English language. It establishes a legal framework to impose a duty on some organisations to comply with standards of conduct on the Welsh Language.

Welsh Language Standards replace the system of Welsh language schemes, introduced by the Welsh Language Act 1993.

. 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.

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 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 58% of its student population under the validated services model and has exited from a further seven collaborative centres. At the end of 2022/23, the number of students studying at collaborative centres had fallen to around 200 (down from over 28,000 when the withdrawal from collaborative provision was announced).

During the 2022/23 academic year, the University has maintained the 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 58 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 University continues to deliver this through the Collaborative Partnerships Office which is responsible for supporting both UW collaborative centres and UWTSD partnerships.

University of Wales Press (UWP)

It has been another very busy year for the University of Wales Press (UWP/the Press). During 22-23 It published 42 new UWP titles (including 5 Welsh language and 1 Bilingual) and 14 journals editions with a total of 65 articles and reviews. The new trade imprint, Calon, published 7 new titles.

UWP are continuing to develop our Print on Demand program with a view to expanding into various global territories over the coming year. It also expanded its freelance pool of expert editors, typesetters and designers in order to maintain the highest standards expected from UWP.

Wales Studies: Publications this year included six Welsh language books: *Mae'r Beibl o'n Tu* by Gareth Evans-Jones; *Griffith Davies* by Haydn Edwards; *Cranogwen* by Jane Aaron; *Geirfâu'r Fflyd* by Ann Parry Owen; *Llwyfannu'r Genedl Anghyflawn* edited by Ian Rowlands and *Beth yw'r Gymraeg* edited by Angharad Naylor, Dylan Foster Evans and Llion Pryderi Roberts (in partnership with Coleg Cymraeg Cenedlaethol and available in open access).

It also published important landmark works in English in Wales Studies this year, including the first full length biography of Iorwerth Peate, *Man, Myth and Museum* by Eurwyn Wiliam, an edited volume on *Child Poverty in Wales* and a collection of Aneurin Bevan's writings, *This is my Truth* edited by Nye Davies, to coincide with the 75th birthday of the NHS. We also published three further monographs in our long-standing 'Writing Wales in English' series by Hywel Dix, Lindon Peach and M. Wynn Thomas, along with a book on labour history by Martin Wright from the History Department at Cardiff University. One of our most topical Wales Studies books this year was Rob Jones and Richard Wyn Jones's book on *The Welsh Criminal Justice System* which has proved a critical and commercial success. *Frank Lloyd Wright: The Architecture of Defiance*, by J. Adams, was published in the Architecture of Wales series.

The return of the HEFCW Fund to UWP's control has also greatly facilitated commissioning Wales Studies titles as it gives UWP added confidence and assurance that we will have the funding required to enable us to publish a broad range of titles in Welsh and English. This has led to an increase in the amount of Wales Studies proposals received and commissioned over the past twelve months. HEFCW are very pleased with the vibrancy of the list, noting that as well as the funding, of key importance is the field of Wales Studies as a whole.

Humanities and Social Sciences: Within its international humanities and social sciences list, we published ground-breaking titles across our leading series including a *How Kant Matters for Biology* (Political Philosophy

OPERATING AND FINANCIAL REVIEW

Now series), by Dr. A. Jones, University of Exeter, *Jesus of Nazareth in the Literature of Unamuno* (Iberian and Latin American Studies series), by globally renowned Unamuno scholar, Professor Carlos Longhurst. Other new titles in the series included *Latin America and Existentialism* by Dr. E. Murillo of University TN-Chattanooga, *Fractal Families in New Millennium Narrative by Afro-Puerto Rican Women* by Dr. J. Maddox of University of Alabama, Birmingham, and *Theatre Censorship in Spain 1921-1982* by Professors M. Thompson, University of Durham and C. O'Leary of University of St Andrews. The French & Francophone Studies series saw the publication of "*Taking Up Space*": *Women at Work in Contemporary France*, edited by Dr. S. Bouamer, University of Cincinnati, and Dr. S. Stojanovic, University of Notre Dame.

UWP's Gothic Literary Studies series continues to publish innovative titles such as *Middle Eastern Gothics*, Ed. Professor K. Grumberg, University of Texas, and *Cornish Gothic* by Dr. J. Passey of Bristol University. The Horror series included *The Blaxploitation Horror Film* by Prof. Jamil Mustafa of Lewis University, Chicago, and *House of Horrors* by Dr. A. Lotwasińska of Warsaw University. Our Medieval Studies list included the publication of perhaps the most emblematic of Medieval animals, the fox, by Emeritus Professor Paul Wackers, Utrecht University, in his short book *Introducing the Medieval Fox* (Medieval Animals Series).

UWP published the first title in the new Gothic Originals series: *Charlotte Dacre: A Novel in Four Volumes* by D. J. Airey, University of Tulsa. The series consists of scholarly editions of out of copyright classic Gothic literature. The series is developing very well: we have a further two titles in production for publication in the next financial year.

Awards: *Hanes Cymry: Lleiafrifoedd Ethnig a'r Gwareiddiad Cymraeg* by Dr. Simon Brooks won the Ellis-Griffith Memorial Prize in December 2022.

UWP also retained the BIC Metadata Excellence Award, reflecting our commitment to the quality of our data and ensuring we maximise our sales potential.

Calon: 22-23 was the first full financial year for our new non-fiction trade imprint. We published 7 new titles, all of which have a Welsh connection. Titles published during 22-23 were *Return to my Trees* by Matthew Yeomans, *Rock Legends at Rockfield* by Jeff Collins, *An Indigo Summer* by Ellie Evelyn Orrell, *Wales on this Day* by Huw Rees and Sian Kilcoyne, *A Map of Love* by M. Wynn Thomas, *Shaping the Wild* by David Elias and *Escape to Gwrych Castle* by Andrew Hesketh. Titles have been successful both within Wales/UK and more widely – particularly seeing success in the US. Calon has twelve titles publishing in the coming financial year, with many more planned into the future.

Other News: The Research Excellence Framework (REF) 2028 was announced in June; this is a major event for authors in UK Higher Education Institutions, therefore we'll work with relevant authors to adhere to REF deadlines.

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.

During 2022/23 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 the University regained 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 for implementation in 2023/24.

OPERATING AND FINANCIAL REVIEW

Financial Review for the year

The consolidated results recorded a total comprehensive income for the year was an expense of £447k (2022: income of £2.421m). This was an decrease in the net position, from 2021-22, mainly attributable to the one-off endowment transfer out of £2.599m offset by the movement from gain to loss in respect of pension schemes amounting to £1.965m.

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

Statement of Comprehensive Income summary

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000	Movement £'000
Income	2,723	2,443	280
Expenditure	(2,480)	(2,789)	309
	243	(346)	589
Endowment Transfer	(2,599)	-	(2,599)
Deficit before other losses	(2,356)	(346)	(2,010)
Loss in respect of investments	(56)	(150)	94
Deficit for the year	(2,412)	(496)	(1,916)
Actuarial (loss)/gain in respect of pension schemes	1,965	2,917	(952)
Total comprehensive (expense)/income for the year	(447)	2,421	(2,868)

Income

Total consolidated income for the University in 2022-23 was £2.7m (£2.4m in 2021-22).

Collaborative provision income was £1.5m (£1.3m in 2021-22) and was the largest source of funding for the university accounting for 55% of total income.

Other income was £1,085m (£993k in 2021-22). The increase was attributable to increased grant funding for the UW Press.

Investment income for the year was £140k (£131k in 2021-22) and £Nil donations (£1k in 2021-22).

Income analysis

	Year ended 31 July 2023 £'000	%	Year ended 31 July 2022 £'000	%
Collaborative Provision	1,499	55.1	1,318	54.0
Other income	1,085	39.8	993	40.5
Investment income	140	5.1	131	5.4
Donations	-	-	1	0.1
Total Consolidated Income	2,723	100.0	2,443	100.0

OPERATING AND FINANCIAL REVIEW

Expenditure

Total consolidated expenditure for the University was £2.5m plus a one-off transfer of £2.6m being £5.1m (£2.8m in 2021-22).

Staff costs were £1.0m (£1.3m in 2021-22). This was an overall decrease due to decreasing pension service costs (this is an actuarial calculation and adjustment) which was partly offset by a slight increase in actual staff costs in 2022-23 in line with the budget plan.

Operating Expense costs were £1.4m (£1.3m in 2021-22). The overall decrease was across a number of expenditure heads.

Depreciation costs were £86k (£97k in 2021-22). The decrease was due to equipment depreciation coming to an end in 2021-22.

Pension interest costs were £2k (£42k in 2021-22). This is an actuarial calculation and adjustment.

There was a one off transfer of endowment asset investments to UWRET in 2022-23 of £2.6m (see Note 5a).

Expenditure analysis

	Year ended 31 July 2023		Year ended 31 July 2022	
	£'000	%	£'000	%
Staff costs	1,048	42.3	977	35.0
Pension Service costs	(8)	(0.3)	354	12.7
	1,040	41.9	1,331	47.7
Academic and related expenditure	270	10.9	90	3.2
Administration and central services	380	15.3	493	17.7
Premises and central services	193	7.8	142	5.1
Other services and expenses	509	20.5	593	21.3
	1,352	54.5	1,318	47.3
Depreciation	86	3.5	97	3.5
Interest payable	2	0.1	43	1.5
	88	3.5	140	5.0
Total Expenditure before transfer	2,480	100.0	2,789	100.0
Endowment transfer	2,599	-	-	-
Total Consolidated Expenditure	5,080	-	2,789	-

Balance Sheet

The consolidated Balance Sheet discloses a net assets position of £3.9m as at 31 July 2023 (2022: £6.2m). When Pension liabilities are excluded the net asset position is £4.3m at 31 July 2023 (2022: £6.6m).

Fixed assets decreased in line with depreciation and there were no additions or disposals in year.

Total debtors were £0.8m at 31 July 2023 (2022: £1.8m). This is a decrease from 2022 and is attributable to trade debtors with a related party.

Cash and cash equivalent balances were £2.5m at 31 July 2022 (2022: £3.5m). The decrease and is linked to the transfer of assets to UWRET (see note5a) which was partly offset with disinvestment receipts.

OPERATING AND FINANCIAL REVIEW

Total creditors were £2.3m at the year-end (2022: £2.7m). The decrease was due to the distribution of WCA creditor balances in year which was partly offset with an increase of receipts in advance linked to UW Press grant funding and related party transactions.

Pension provisions were £0.3m at 31 July 2023 (2022: £0.3m). Pension Obligations to the defined pension scheme per the actuarial valuation showed a surplus of £2.0m (2022: £Nil).

Cash Flow

The consolidated net cash outflow from operating activities was £1.9m for the year (2022: £509k outflow) and the overall cash decrease was £993k (2022: £231k decrease). The decrease is attributable to the transfer of endowment funds.

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 2023 the value of fixed asset investments was £1.0m (2022: £0.8m) and the value of the endowment investments was £0.7m (2022: £1.7m). In addition, there is an amount of £0.7m uninvested cash (2022 : £2.5m), redeemed in 2021/22 from a ceased investment fund. An amount of £2.6m (valued at 30 October 2023) was transferred to the UW Restricted Endowment Trust (UWRET) from endowment investments and uninvested cash 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 in-house final salary pension scheme is in a technical surplus position at 31 July 2023 being an amount of £2.0m (2022:£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 £30k to £355k (2022: £325k liability).

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 Saint 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.

OPERATING AND FINANCIAL REVIEW

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 Saint David.

Sustainability

The University considers sustainability one 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 2023/24. It is also felt that the University has sufficient cash reserves at 31 July 2023 and a sensible budget for 2023/24 and 2024/25 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.

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 2023/24 and 2024/25 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 2025 under the existing operating model, acknowledging any income streams from the new strategy are anticipated from the 2023/24 – 24/25 financial years.

OPERATING AND FINANCIAL REVIEW

These forecasts build on a strong cash balance at 31st July 2023 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.

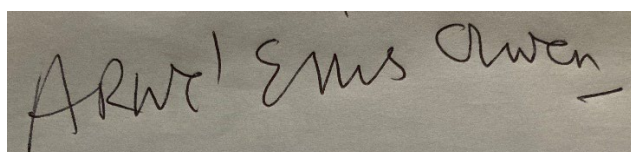
1. Implementing a Monitoring Programme to ensure accurate monitoring of energy use, and water use through the provision and use of an Energy Management System enabled by an appropriate software package.
2. Transition to ensure that all new capital projects are built to Net Zero Carbon BREEAM 'Excellent' 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.



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Chair of Resources and
Performance Committee
University Registry,
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Director of Financial Services

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STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE

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. A Chair-Designate of Council was appointed in March 2023 following an external advertisement process and became Chair in September 2023. 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 2022/23 were as follows:

- **Academic Committee**

The Academic Committee provides advice to Council on its determination of the educational character of the University.

The Committee met on four occasions in 2022/23. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment, international activities quality assurance and the work of the University of Wales Press. Areas of particular focus during the year included the development of new partnerships with FE Colleges.

The membership was follows (with attendance (%) provided in brackets): Geraint Roberts (Chair) (100%); Professor Medwin Hughes (50%); Uzo Iwobi (75%); Matthew Peake (resigned 7.12.2023; 50%); Vanessa Liverpool (on authorised absence from 15.3.2023; 25%); Victoria Provis (100%); Randolph Thomas (100%); Dr Kerry Tudor (75%); Deris Williams (25%).

- **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 2022/23. 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; the corporate risk register and assurance map; and the performance of the internal and external auditors.

The membership was follows (with attendance (%) provided in brackets): Nigel Roberts (Chair) (100%); Siwan Davies (resigned 31.5.2023; 75%); Emlyn Schiavone (25%); Dr Liz Siberry (50%); Adrian Evans (co-opted; 100%); Nia Morgan (co-opted from 1.1.2023; 100%); Jayne Woods (co-opted; 100%).

STATEMENT OF CORPORATE GOVERNANCE

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

- **Estates Committee**

Established in its current form in 2022/23, the Committee provides advice to Council on the operational management of the estate; and estates maintenance and compliance, including health and safety.

The Committee met on six occasions in 2022/23. It considered a range of issues within the scope of its remit, largely focusing on developments at UWTSD.

The Committee's membership includes the Principal of Coleg Sir Gar and several independent members of the Coleg Board. In 2022/23 the membership was as follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Dr Andrew Cornish (67%); John Edge (100%); Taya Gibbons (67%); Professor Medwin Hughes (83%); Delwyn Jones (67%); Arwel Ellis Owen (100%); Maria Stedman (83%); Randolph Thomas (100%); Dr Kerry Tudor (67%).

- **Group Scrutiny Committee**

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

The Committee met on one occasion in 2022/23. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies. It considered and endorsed for approval by Council a new framework for the oversight and operation of subsidiary companies.

The membership was follows (with attendance (%) provided in brackets): Rowland Jones (Chair) (100%); Professor Medwin Hughes (0%); Vanessa Liverpool (on authorised absence from 15.3.2023; 0%); Nigel Roberts (100%); Dr Peter Spring (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 UWTSD 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 five occasions in 2022/23. 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; consideration and endorsement of a new Council development and retention plan; and the recruitment of a new Chair of Council.

The membership was as follows (with attendance (%) provided in brackets): Siwan Davies (Chair; resigned 31.5.2023) 60%); Professor Medwin Hughes (100%); Vanessa Liverpool / Taya Gibbons (60%); Dr Stuart Robb (100%); Emlyn Schiavone (80%); Dr Liz Siberry (Acting Chair from 1.6.2023) (80%); Maria Stedman (100%); Randolph Thomas (100%); Deris Williams (60%).

- **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 two occasions in 2022/23.

STATEMENT OF CORPORATE GOVERNANCE

The membership was as follows (with attendance (%) provided in brackets): Justin Albert (Chair) (50%); Emlyn Dole (appointed 6.3.2023; 50%); Taya Gibbons (100%); Uzo Iwobi (50%); Geraint Roberts (100%); Vanessa Liverpool (on authorised absence from 15.3.2023; 66%); Dr Conny Matera-Rogers (100%); Randolph Thomas (100%).

The University publishes its annual Pay Policy Statement on its website. The 2023 Statement and can be viewed at the following link <https://www.uwtsd.ac.uk/media/uwtsd-website/content-assets/documents/strategies-policies/annual-pay-policy-statement-june-2023.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 2022/23. 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): Arwel Ellis Owen (Chair) (100%); Justin Albert (75%); John Edge (co-opted; 100%); Taya Gibbons (25%); Professor Medwin Hughes (100%); Rowland Jones (100%); Timothy J Llewelyn (appointed 1.1.2023; 75%); Dr Conny Matera-Rogers (75%); Maria Stedman (50%); Randolph Thomas (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 and that the University's arrangements comply with all key principles. 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, originally scheduled to take place in 2022/23, was deferred until 2023/24 in the light of the impending appointment of a new Chair and Vice-Chancellor.

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. The next audit is scheduled for winter 2023.

STATEMENT OF CORPORATE GOVERNANCE

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 summer 2023 the Council's implementation of the plan was largely complete. The work undertaken includes:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- considering the sector-wide good practice guide on stakeholder engagement;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors;
- implementing a rolling 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 whistleblowing;
- 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;
- adopting the new template for the Annual Report and Financial Statements;
- approving and implementing a governor development and retention plan;
- participating in Advance HE workshops relating to equality and diversity and commencing work on its own EDI plan.

STATEMENT OF CORPORATE GOVERNANCE

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 2023 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 corporate 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 is considered at each meeting of the Audit and Risk Committee and proposed changes are considered by 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, with the next review scheduled for 2023/24. An assurance map, following the 3-line model supported by the Chartered Institute of Internal Auditors, has been introduced to provide senior managers and governors with an overview of the mechanisms in place to oversee the risks identified on the corporate risk register and to facilitate the identification of areas where strengthening is required. 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 May 2023 one of the two recommendations had been fully addressed, with the other pending the review of the Group Risk Management Policy in 2024.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 the requirements of the Terms and Conditions of Funding 2023/23 issued by the Higher Education Funding Council for Wales ("HEFCW"), the Accounts Direction to Higher Education Institutions for 2022/23 issued by HEFCW ("the Accounts Direction"), the Financial Management Code issued under the Higher Education (Wales) Act 2015 ("FMC") 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 2022/23 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, and the of Group's cash flows, 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 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 2023 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, 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 2023, 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.

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

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

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.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries. 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 the company 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. These included journal entries containing unusual descriptions, unusual journal entries in relation to revenue, unusual journal entries in relation to cash and borrowings and material journals posted after the ledger closing date.

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, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations

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.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following 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. 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

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

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 & Financial Review, and the Statement of Corporate Governance. 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 & Financial Review, and the Statement of Corporate Governance (which together constitutes the Trustees' Annual Report for the financial year) 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's responsibilities

As explained more fully in its statement set out on page 22, the [Governing Body / Board of Governors / 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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

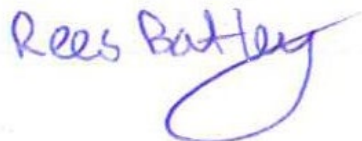
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ("HEFCW") Audit Code of Practice (effective 1 August 2017) issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2022/23 issued by the HEFCW ("the Accounts Direction"). In our opinion, in all material respects:

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

- 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 2022/23; and
- the requirements of HEFCW's Accounts Direction have been met.

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

This report is made solely to the Council in accordance with the Ordinances of the University and in accordance with the with 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

8 February 2024

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 July 2023		Year ended 31 July 2022	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Other income	1	2,583	2,581	2,311	2,289
Investment income	2	140	140	131	131
Donations		-	-	1	1
Total Income		2,723	2,721	2,443	2,421
Expenditure					
Staff costs	3	1,040	1,040	1,331	1,331
Other operating expenses	5	1,352	1,346	1,318	1,316
Endowment transfer	5a	2,599	2,599	-	-
Depreciation and impairments	6	86	86	97	97
Interest and other finance costs	4	2	2	43	43
Total expenditure		5,080	5,074	2,789	2,787
Deficit before other gains(losses)		(2,356)	(2,353)	(346)	(366)
Loss on fixed assets investments	7	(39)	(39)	(47)	(47)
Loss on endowment investments	7	(17)	(17)	(103)	(103)
Share of loss in associate	7	-	-	-	-
Deficit for the year		(2,412)	(2,409)	(496)	(516)
Actuarial (loss)/gain in respect of pension schemes	17	1,965	1,965	2,917	2,917
Total comprehensive (expense)/income for the year		(447)	(444)	2,421	2,401
Represented by:					
Endowment comprehensive income/(expense) for the year		64	64	(12)	(12)
Unrestricted comprehensive (expense)/income for the year		(511)	(508)	2,433	2,413
		(447)	(444)	2,421	2,401

The notes on pages 31 to 48 form part of these financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES

Consolidated	Income and Expenditure Account		Investment Revaluation Reserve £'000	Total £'000
	Endowment £'000	Unrestricted £'000		
Balance at 1 August 2021	5,329	(2,753)	1,253	3,829
Surplus/(deficit) from the income and expenditure statement	(12)	(437)	(47)	(496)
Other comprehensive income	-	2,917	-	2,917
Total comprehensive income/(expense) for the year	(12)	2,480	(47)	2,421
Other movement in year	-	(2)	-	(2)
Balance at 1 August 2022	5,317	(275)	1,206	6,248
Surplus/(deficit) from the income and expenditure statement	64	(2,437)	(39)	(2,412)
Other comprehensive income	-	1,965	--	1,965
Transfers between revaluation reserve and I&E Account	(2,599)	3,270	(671)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income/(expense) for the year	(2,535)	2,798	(710)	(447)
Other in year movement	-	-	-	-
Balance at 31 July 2023	2,782	2,523	496	5,801

University	Income and Expenditure Account		Investment Revaluation Reserve Year £'000	Total £'000
	Endowment £'000	Unrestricted £'000		
Balance at 1 August 2021	5,329	(2,751)	1,253	3,831
Surplus/(deficit) from the income and expenditure statement	(12)	(457)	(47)	(516)
Other comprehensive income	-	2,917	-	2,917
Total comprehensive income/(expense) for the year	(12)	2,460	(47)	2,401
Other movement in year	-	(4)	-	(4)
Balance at 1 August 2022	5,317	(295)	1,206	6,228
Surplus/(deficit) from the income and expenditure statement	64	(2,434)	(39)	(2,409)
Other comprehensive income	-	1,965	-	1,965
Transfers between revaluation reserve and I&E Account	(2,599)	3,270	(671)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income/(expense) for the year	(2,535)	2,802	(710)	(444)
Other in year movement	-	(2)	-	(2)
Balance at 31 July 2023	2,782	2,505	496	5,782

The notes on page 31 to 48 form part of these financial statements.

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

	Notes	As at 31 July 2023		As at 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible Fixed assets	6	1,338	1,338	1,424	1,424
Investments	7	1,648	1,648	2,375	2,375
Pension surplus	17	2,001	2,001	-	-
		4,987	4,987	3,799	3,799
Current assets					
Stock	8	134	134	87	87
Trade and other receivables	9	758	758	1,846	1,846
Cash and cash equivalents	13	2,548	2,524	3,541	3,519
		3,440	3,416	5,474	5,452
Less: Creditors: amounts falling due within one year	10	(2,271)	(2,266)	(2,700)	(2,698)
Net current assets		1,169	1,150	2,774	2,754
Provisions					
Pension provisions	17	(355)	(355)	(325)	(325)
Pension Obligations to Defined Pension Scheme	17	-	-	-	-
Net assets		5,801	5,782	6,248	6,228
Restricted Reserves					
Income and expenditure reserve - endowment reserve	11	2,782	2,782	5,317	5,317
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		2,523	2,505	(275)	(295)
Revaluation reserve	12	496	496	1,206	1,206
Total Reserves		5,801	5,782	6,248	6,228

The financial statements were approved by the Governing Body on 7th February 2024 and were signed on its behalf on that date by



Emlyn Dole (Chair)



Prof Elwen Evans KC (Vice-Chancellor)

The notes on page 31 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
Deficit for the year		(2,412)	(496)
Adjustment for non-cash items			
Depreciation	6	86	97
Investment income	2	(140)	(131)
Decrease/(increase) in stock	8	(47)	25
(Increase)/decrease in debtors	9	1,088	(479)
Increase/(decrease) in creditors	10	(429)	78
USS Pension costs less contributions payable	3	19	184
UWSS Pension costs less contributions payable	17	(27)	170
Interest payable	4	2	43
Net cash outflow from operating activities		(1,860)	(509)
Cash flows from investing activities			
Disposal of non-current asset investments	7	671	-
Disposal of endowment asset investments	7	-	-
Investment income	2	60	41
Endowment income	11	81	90
Fair value (increase)/decrease in investments	7	56	150
Net cash inflow from investing activities		868	281
Cash flows from financing activities			
Capital purchases		-	(3)
		-	(3)
(Decrease)/Increase in cash and cash equivalents in the year	13	(993)	(231)
Cash and cash equivalents at beginning of the year		3,541	3,772
Cash and cash equivalents at end of the year		2,548	3,541

The notes on page 31 to 48 form part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES

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 2023.

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 2023/24 and 2024/25 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 2025 under the existing operating model, acknowledging that any income streams from the new strategy are anticipated from the 2023/24 – 24/25 financial years

These forecasts build on a strong cash position at 31st July 2023 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 £2.4m, of which £2.6m is attributed to the transfer of funds to the UW restricted Endowment Trust. This deficit translates into a decrease in cash of £1m in the year. Officers and trustees are satisfied that the cash balance of £2.5 million at 31 July 2023 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

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

(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

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. See note 17 for assumptions used in the valuation of pension assets and liabilities.

The University has adopted the IAS19 approach in relation to the recognition of the pension asset. It is the view that the surplus in full should be shown on the balance sheet..

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 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Other income				
Collaborative Provision fees	1,499	1,499	1,318	1,318
Other services rendered	164	164	147	147
Sales of publications	442	442	373	373
Publication grants	268	268	150	150
Other income	211	209	323	301
	2,583	2,581	2,311	2,289

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Investment income				
Investment income on endowments-unrestricted	6	6	3	3
Investment income on endowments-restricted	75	75	87	87
Other investment income	60	60	41	41
	140	140	131	131

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Staff costs				
Salaries	807	807	752	752
Social security costs	83	83	75	75
Movement on USS pension	19	19	184	184
Other pension costs	131	131	320	320
	1,040	1,040	1,331	1,331

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 £58,400 in 2022-23 towards the basic salary and associated pension costs of the post. (2021-22 contribution: £58,400). This amount represented a proportion 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 Saint David

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Salary	285	240
Monetary value of benefits: Health Insurance	3	3
	288	243
Pension contributions to USS	57	54
	345	297

There were no other higher paid staff in the year.

There was no compensation payable to other higher paid staff in year (2022: £Nil).

	Year ended 31 July 2023 No.	Year ended 31 July 2022 No.
Average staff numbers by:		
Academic departments	-	-
Non-academic departments	18.3	18.7
	18.3	18.7

There are no key management personnel that require separate disclosure.

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.

NOTES TO THE ACCOUNTS

3 Staff costs (continued)

No Council member has received any remuneration/waived payments from the group during the year (2022 - £Nil).

The total expenses paid to or on behalf of 15 council members was £Nil (2022: £Nil to 15 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity

Vice-Chancellor Remuneration Statement

The ratio of the salary of the Vice-Chancellor compared to the median average of the University is 9.2:1 and the ratio of the total remuneration of the Vice-Chancellor compared to the median average of the University is 8.6:1.

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 Saint 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.

The Vice-Chancellor has a significant breadth of responsibility spanning Higher Education and Further Education. This includes the University of Wales Trinity Saint 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 2022-23.

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 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
4 Interest and other finance costs				
Net charge on USS pension scheme	11	11	1	1
Net charge on UWSS pension scheme	(9)	(9)	42	42
	2	2	43	43

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
5 Analysis of other operating expenses by activity				
Academic and related expenditure	270	270	90	90
Administration and central services	380	380	493	493
Premises related expenditure	193	193	142	142
Other services and expenses	509	504	593	591
	1,352	1,346	1,318	1,316

Other operating expenses include:

External auditor's remuneration in respect of audit services	50	45	52	43
External auditor's remuneration in respect of non-audit services	5	5	5	5

5a Endowment transfer

As at 30 November an amount of £2.6m (valued at 31 October 2022) was transferred to the UW Restricted Endowment Trust (UWRET). This was a cash transfer to the value of the investments held.

UWRET is a registered charity, number 1162374 and UWRET Trustee Company Ltd., number 09430036 is the corporate trustee.

The trust was established by the University of Wales under its "Adduned Cymru-Wales Pledge" initiative. For more information please see the University website: www.wales.ac.uk/Resources/Documents/Merger/Adduned-Cymru-English.pdf. This was created by the University (being the Settlor) following the announcement of its commitment to merge with the University of Wales Trinity Saint David in order to ensure that the assets it held would continue to benefit the whole of Wales. The UW Restricted Endowment Trust was established to safeguard the numerous charitable bequests the University received over the years which were donated for a particular purpose.

NOTES TO THE ACCOUNTS

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

At 1 August 2022

Additions in the year

Disposals

At 31 July 2023

At 1 August 2022

Charge for the year

Disposals

At 31 July 2023**Net book value****At 31 July 2023**

At 31 July 2022

Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Totals £'000
2,528	1,013	3,541
-	-	-
-	-	-
2,528	1,013	3,541
1,137	980	2,117
79	7	86
-	-	-
1,216	987	2,203
1,312	26	1,338
1,391	33	1,424

University**Cost or valuation**

At 1 August 2022

Additions in the year

Disposals

At 31 July 2023

At 1 August 2022

Charge for the year

Disposals

At 31 July 2023**Net book value****At 31 July 2023**

At 31 July 2022

Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Totals £'000
2,528	1,013	3,541
-	-	-
-	-	-
2,528	1,013	3,541
1,137	980	2,117
79	7	86
-	-	-
1,216	987	2,203
1,312	26	1,338
1,391	33	1,424

NOTES TO THE ACCOUNTS

	Fixed Asset Investments £'000	Endowment Investments £'000	Other Investments £'000	Total £'000
7 Non-current investments				
Consolidated				
At 1 August 2022	749	1,626	-	2,375
Disposals	(671)	-	-	(671)
Transfers	925	(925)	-	-
(Decrease)/increase in market value	(39)	(17)	-	(56)
At 31 July 2023	964	684	-	1,648

	Fixed Asset Investments £'000	Endowment Investments £'000	Other Investments £'000	Total £'000
University				
At 1 August 2021	749	1,626	-	2,375
Disposals	(671)	-	-	(671)
Transfers	925	(925)	-	-
(Decrease)/increase in market value	(39)	(17)	-	(56)
At 31 July 2022	964	684	-	1,648

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 Saint David for nil consideration and acquired 200,000 B shares from University of Wales Trinity Saint David for nil consideration. The increase in A shares, which have voting rights, give the University of Wales Trinity Saint 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 £131,132 (2022: £24,330) is unrecognised in the University's accounts.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Stock				
Books for resale	132	132	85	85
Other	2	2	2	2
	134	134	87	87

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Trade and other receivables				
Amounts falling due within one year:				
Trade debtors	707	707	1,796	1,796
Prepayments and accrued income	51	51	50	50
	758	758	1,846	1,846

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Creditors				
Amounts falling due within one year:				
Trade creditors	1,148	1,143	1,111	1,109
Social security and other taxation payable	27	27	28	28
Receipts in advance	497	497	384	384
Accruals and deferred income	76	76	179	179
Welsh Church Act balances	523	523	998	998
	2,271	2,266	2,700	2,698

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. A distribution was made in 2022-23.

NOTES TO THE ACCOUNTS

	Restricted permanent endowment £'000	Unrestricted permanent endowment £'000	2023 Total £'000	2022 Total £'000
11 Endowment funds				
Consolidated and University				
Restricted net assets relating to endowments are as follows:				
Balance at 1 August	5,194	123	5,317	5,329
Disposals	(2,599)	-	(2,599)	-
Investment income	75	6	81	90
Increase/(decrease) in market value of investments	(14)	(3)	(17)	(102)
Total endowment comprehensive income for the year	(2,538)	3	(2,535)	(12)
Balance at 31 July	2,656	126	2,782	5,317
	Year ended 31 July 2023	Year ended 31 July 2022		
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
12 Fixed asset investments				
Consolidated and University				
Balances at 1 August	1,206	1,206	1,253	1,253
Realisation of market value of investments	(671)	(671)	-	-
Increase/(decrease) in market value of investments	(39)	(39)	(47)	(47)
Total fixed asset comprehensive income for the year	(710)	(710)	(47)	(47)
Balance at 31 July	496	496	1,206	1,206
	At 31 July	Cashflow	At 1 August	
	2023		2022	
	£'000	£'000	£'000	
13 Cash and cash equivalents				
Consolidated				
Current assets	1,876	806	1,070	
Investment Cash uninvested	672	(1,799)	2,471	
Balance at 31 July	2,548	(993)	3,541	
University				
Current assets	1,852	804	1,048	
Investment Cash uninvested	672	(1,799)	2,471	
Balance at 31 July	2,524	(995)	3,519	

NOTES TO THE ACCOUNTS

14 Related Party 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 Saint David is deemed a related party in that it has key management personnel in common with the University - Balances: £651k receivable (2022: £1,404k), £138k payable (2022: £173k) Total income £1,574k (2022: £1,796k) Total expenditure £57k (2022: £39k).

University of Wales Trinity Saint 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 (2022: £Nil) into the subsidiary. Balances: £224k payable (2022: £196k).

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.

15 Contingent Liabilities

There have been no material events in the period between 31st July 2023 and the signing of the accounts on the 7 February 2024.

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

The output of the 2023 USS Valuation came into effect from the 1st January 2024. The University contribution rate has decreased from 21.6% to 14.5%. The 2023 valuation put the USS pension scheme in a surplus position and as such no deficit contributions are due during the period in which the valuation covers, which is to the conclusion of the next valuation in 2026.

There have been no other material events in the period between 31st July 2022 and the signing of the accounts on the 7 February 2024.

NOTES TO THE ACCOUNTS

17 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 2022 and updated to 31 July 2023 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 carried out at 31 July 2022 showed the Scheme to be fully funded on the technical basis. As a result it has been agreed that no further contributions are required to meet the recovery plan. The Employer has agreed to pay additional voluntary contributions at a rate of £100k per annum. These contributions will continue until the earlier of: a revised schedule of contributions being agreed by the Trustees and Employer and certified by the Scheme Actuary; or the Scheme Actuary advising the trustees that the Scheme has achieved at least 100% funding on the solvency basis. In addition, and in accordance with the actuarial valuation, the Employer has agreed with the Trustees that it will pay 17.8% from 1 August 2023 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 2023 £'000	31 Jul 2022 £'000
Defined benefit obligation	(7,297)	(9,503)
Fair value of plan assets	9,298	9,730
Funded status	2,001	227
Impact of Asset Ceiling	-	(227)
Net defined benefit asset/(liability)	2,001	-

The University has adopted the IAS19 approach in relation to the recognition of the pension asset.

Defined benefit costs recognised in comprehensive income statement are:

	31 Jul 2023 £'000	31 Jul 2022 £'000
Service cost:		
Change arising from employee service in reporting year (net of employer contributions)	(27)	160
Administration expenses paid from plan assets	-	10
	(27)	170
Net interest cost	(8)	42
Cost relating to defined benefit plans included SCI	(35)	212

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

	31 Jul 2023 £'000	31 Jul 2022 £'000
Remeasurements-		
Return on plan assets	(589)	(734)
Effect of experience adjustments	(215)	(823)
Effect of changes in assumptions	2,543	4,701
Changes in unrecognised assets	227	(227)
Total amount recognised in other comprehensive income - gain	1,965	2,917

NOTES TO THE ACCOUNTS

University of Wales Superannuation Scheme (UWSS) (continued)

Significant actuarial assumptions were:

	31 July 2023	31 July 2022
Discount rate	5.15%	3.50%
Price Inflation rate – RPI	3.20%	3.25%
Price inflation rate – CPI	2.50%	2.35%
Salary increase rate	4.00%	3.85%
Post-retirement mortality assumption	91% (males) and 98% (females) of the standard tables S3PxA_H, Year of Birth, no age rating projected using CMI_2022 converging to 1.25% pa	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
Assumed life expectancy on retirement at age 64		
Retiring today	20.8(M)/23.7(F)	22.1(M)/24.6(F)
Retiring in 20 years	22.2(M)/25.2(F)	23.4(M)/26.1(F)

Sensitivity analysis:

	31 July 2023	31 July 2022
Present value of defined benefit obligation		
Discount rate -50 basis points	7,902	10,473
Discount rate +50 basis points	6,765	8,666
Price inflation rate -25 basis points	7,209	9,070
Price inflation rate +25 basis points	7,671	9,899
Post retirement mortality – 1 year age rating	7,516	9,913

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

	Assets £'000	Liabilities £'000	Total £'000
Reconciliation of scheme assets and liabilities:			
At start of period	9,730	(9,503)	227
Benefits paid	(342)	342	-
Administrative expenses	-	-	-
Current service cost	-	(103)	(103)
Contributions from employer	130	-	130
Contributions from employees	32	(32)	-
Interest income/(expense)	337	(329)	8
Return on assets (excluding amount included in net interest expense)	(589)	-	(589)
Actuarial gain/(losses)			
Effect of changes in assumptions	-	2,543	2,543
Effect of experience adjustments	-	(215)	(215)
At end of period	9,298	(7,297)	2,001

The defined benefit obligations are as follows:

	31 July 2023 £'000	31 July 2022 £'000
Actives	794	1,243
Vested deferreds	2,827	3,781
Retirees	3,676	4,479
Total	7,297	9,503

NOTES TO THE ACCOUNTS

	31 July 2023 £'000	31 July 2022 £'000
The scheme assets are as follows:		
Cash and cash equivalents	86	97
Equity instruments	3,726	3,876
Debt instruments	1,866	1,987
Other	3,620	3,770
Total	9,298	9,730

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.

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, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross DBOs and assets have fallen.

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 cost charged to the Consolidated Statement of Comprehensive Income is £30k (2022: £186k). Deficit recovery contributions due within one year for the University are £31k (2021: £22k).

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 2020 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).

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: Pre-retirement: 2.75% Post-retirement: 1.00%

NOTES TO THE ACCOUNTS

USS (continued)

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

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 years	24.0	23.9
Females currently aged 65 years	25.6	25.5
Males currently aged 45 years	26.0	25.9
Females currently aged 45 years	27.4	27.3

The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.31%
Pension growth (CPI)	2.35%	2.35%

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)

	31 July 2023 £'000	31 July 2022 £'000
Opening deficit	(325)	(139)
Deficit contributions paid during the year	26	9
Change in expected contributions	(45)	(194)
	(19)	(185)
Interest costs (in the form of the discount unwind)	(11)	(1)
Closing deficit	(355)	(325)