

**University of Wales:
Trinity Saint David**

Charity number: **1149535**

**Consolidated Financial Statements
For the year ended 31 July 2021**

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MEMBERS AND EXTERNAL ADVISORS

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 2020/21 is provided in brackets.

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

The Venerable Randolph Thomas (Chair) – independent (100%)

Prof Medwin Hughes (Vice-Chancellor) – executive (100%)

Maria Stedman – independent (100%)

Eifion Griffiths – independent (100%)

Andrew Curl – independent (100%)

Pam Berry – independent (100%)

Tony Ball – independent (100%)

Margaret Evans – independent (100%)

Arwel Ellis Owen – independent (83%)

Dr Liz Siberry – independent (100%)

Siân Eirian – independent (Resigned 1.3.2021) (25%)

Eirlys Pritchard Jones – independent (Resigned 1.9.2020)

Rowland Jones – independent (83%)

Geraint Roberts – independent (100%)

Victoria Provis – independent (100%)

Justin Albert - independent (Appointed 1.10.2021)

Siwan Davies - independent (Appointed 1.10.2021)

Uzo Iwobi - independent (Appointed 1.10.2021)

Emlyn Schiavone - independent (Appointed 1.10.2021)

Tania Davies – staff (100%)

Andrew Gibson - staff (Resigned 31.12.2020) (100%)

Emma Hughes staff (Resigned 31.12.2020) (100%)

Dr Gareth Hughes staff (Resigned 31.12.2020) (100%)

Dr Conny Matera-Rogers – staff (Appointed 1.1.2021) (66%)

Matthew Peake – staff (Appointed 1.1.2021) (100%)

Dr Kerry Tudor – staff (Appointed 1.1.2021) (100%)

James Mills – student (Resigned 30.6.2021) (20%)

Georgia Thomas – student (Resigned 30.6.2021) (100%)

Vanessa Liverpool – student (Appointed 1.7.2021) (100%)

Liam Powell – student (Appointed 1.7.2021) (100%)

MEMBERS AND EXTERNAL ADVISORS

Administrative Details

Charity Number	1149535
Company Number	RC000537
Principal Office	Carmarthen Campus, College Road, Carmarthen, SA31 3EP

Professional Advisors

External Auditor	KPMG LLP	3 Assembly Square, Britannia Quay, Cardiff, CF10 4AX
Internal Auditor	Mazars LLP	90 Victoria Square, Bristol, BS1 6DP
Bankers	Barclays Bank Plc	
	HSBC Plc	
	Natwest Bank Plc	

Scope of the Financial Statements

The consolidated financial statements of University of Wales: Trinity Saint David consolidate the following entities:

- University of Wales: Trinity Saint David
- Trinity University College Limited
- Trinity College
- Eclectica Drindod Limited
- UWTSD Learning Centres Limited
- UWTSD Investments Limited
- Y Ganolfan Dysgu Cymraeg Genedlaethol
- Coleg Sir Gar
- Coleg Ceredigion
- Mentrau Creadigol Cymru
- UW Centre for Advance Batch Manufacture Limited
- OSTC Trinity St David LLP (Joint Venture)
- UWTSD Innovation Centres Limited
- Swansea Business School Limited
- Isustain (UWTSD) Limited

MEMBERS AND EXTERNAL ADVISORS

Legal Status

University of Wales: Trinity Saint David (UWTSD) is incorporated by Royal Charter. The most recent version of its constitution is the Supplemental Charter which was sealed by the Privy Council on 28 September 2012, following the constitutional merger with Swansea Metropolitan University.

Trinity University College Limited (TUC) is deemed to be controlled by UWTSD, as UWTSD is its sole member.

Trinity College incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity. There is no direct ownership link between UWTSD and Trinity College. However, it is deemed to be controlled by UWTSD by virtue of the fact that TUC is the sole trustee.

Eclectica Drindod is a private company limited by guarantee with no share capital, established to undertake a role that more effectively delivers Third Mission activity for UWTSD. Eclectica Drindod is deemed to be controlled by UWTSD as TUC (whose sole member is UWTSD) is its sole member and has the power to appoint directors.

UWTSD Learning Centres Limited is a wholly owned subsidiary of UWTSD.

UWTSD Investments Limited is a wholly owned subsidiary of UWTSD.

Y Ganolfan Dysgu Cymraeg Genedlaethol is a private company limited by guarantee with no share capital. It undertakes the setting of the national strategic direction for the Welsh for Adults sector, providing leadership to Welsh for Adults providers. UWTSD is the sole member of the company.

Coleg Sir Gar is a private company limited by guarantee with no share capital, which undertakes the provision of further education and higher education. UWTSD is the sole member of the company.

Coleg Ceredigion is a private company limited by guarantee with no share capital, which undertakes the provision of further education. Coleg Sir Gar is the sole member of the company and it is deemed to be controlled by UWTSD as the sole member of Coleg Sir Gar.

Mentrau Creadigol Cymru Limited is a wholly owned subsidiary of UWTSD. It was established to operate a digital media centre at Canolfan S4C Yr Egin, adjacent to the University's campus in Carmarthen. Construction of the centre was completed during the year to 31st July 2019.

UW Centre for Advanced Batch Manufacture Limited, is a private company, the University has a 51% controlling interest in the company with University of Wales holding the remaining 49%.

OSTC Trinity St David LLP, is a limited liability partnership, the University has a 50% stake in the entity with the other 50% owned by OSTC limited.

UWTSD Innovation Centres Limited is a wholly owned subsidiary of UWTSD and did not trade during the year.

Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2021 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 2020/21 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 2021 have been prepared on a going concern basis as detailed on page 39.

INTRODUCTION BY THE VICE-CHANCELLOR AND THE CHAIR OF COUNCIL

We are pleased to introduce the Financial Operating Statement for 2020-2021 and to highlight the significant work that has been undertaken by the University of Wales Trinity Saint David in meeting the objectives of its Strategic Plan as we continued to manage the Coronavirus context across our campuses and locations.

The impact of the pandemic has been far reaching, exacerbating the numerous inequalities in our communities, and changing the way in which we live, work and study. The rapid advancement of technologies, automation, and digitisation, in part because of the pandemic, has transformed how our workplaces operate and the types of jobs that will be available in future. In rebuilding our society, our universities, working with government and key stakeholders, are playing a vital role in supporting economic recovery by upskilling and reskilling the workforce and enabling individuals to gain employment in new and emerging sector priority areas. The collective strength of our higher and further education sector aims to enable individuals to have access to the right skills, in the right locations and creates an infrastructure to promote life-long learning opportunities so that people are supported in securing and retaining employment in the future.

The University was pleased to receive part of a £27million Higher Education Investment and Recovery (HEIR) fund established by the Welsh Government and managed by the Higher Education Funding Council for Wales (HEFCW). Its aim is to support universities across Wales to maintain vital capacity, support civic mission and aid economic recovery in the context of COVID-19. Specifically, HEIR assists universities to maintain jobs in teaching, research and student services as well as invest in projects to support the wider economic recovery. UWTSD received financial support to work with the University of South Wales (USW) on several initiatives. These included reskilling and upskilling businesses and enterprises to facilitate the adoption of new technologies and aid product and service innovation. It also enabled both universities to collaborate on the development of a joint Employer Task Force, the provision of higher technical skills, graduate enterprise and a community skills action plan. The funding supported the work of the Wales Institute of Digital Information (WIDI), a joint initiative between UWTSD and USW and Digital Health Care Wales to apply innovative technology to enhance digital workforce development and sector relevant research in health and care, as well as blue light and third sector organisations. In addition, HEIR supported the establishment of a pan-Wales Learning and Teaching network involving universities in Wales, Students' Unions, Coleg Cymraeg Cenedlaethol, NUS Wales and the Quality Assurance Agency in supporting the digital transformation of the curriculum and student experience.

The health and wellbeing of our community – staff, students and members of the public living and working near to our campuses – have been our priority in planning our response to the pandemic from the beginning. Like all universities, UWTSD, in liaison with the Welsh Government, the NHS and the higher education sector, put in place a range of measures to mitigate against spreading the Coronavirus.

Staff and students continued to lend their expertise, innovation, and resources to assist the healthcare sector and their communities during this crisis. Our researchers and engineers worked on the design and development of ventilators, and even provided the blueprints for a highly efficient 3D printed jet Venturi based respiratory support system to assist a hospital in Nepal.

The University continue to respond to this crisis by bringing academic and professional teams to work closely together to safeguard and maintain the student and staff experience.

The wellbeing of students and staff was a central theme in our planning throughout the year. The University offered a wide range of support packages for our students, from online study support, mental health and counselling services to student bursary and hardship schemes, including a digital connectivity bursary. We received funding from HEFCW to bolster our mental health services and student financial hardship funds which provided additional support for students more likely to be affected by the pandemic, disabled students, and

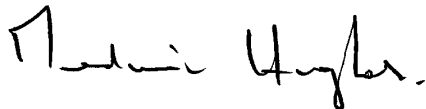
INTRODUCTION BY THE VICE-CHANCELLOR AND THE CHAIR OF COUNCIL

those with caring responsibilities, including helping to address digital poverty. The funding also assisted in the provision of support services for students required to self-isolate either in our own hostels or in private accommodation.

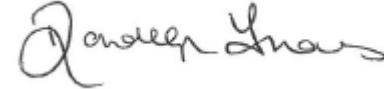
During the year, the University established the Equalities and Wellbeing Board to oversee the Student Health and Wellbeing Strategy and the Strategic Equality Plan. We are pleased to report substantial developments across the University in supporting inclusivity and wellbeing. Such developments included initiatives related to the 'inclusive campus', wellbeing sessions as part of the annual Learning and Teaching Conference, new mental health resources for staff and managers, student mental health awareness bulletins, and the development of a staff wellbeing framework. In addition, UWTSD subscribed to Student Minds' Student Space and TogetherAll, an online mental health support hub, as well as the Connect project which encourages students to network with other students and staff who have been trained to provide low level wellbeing support.

Despite the many challenges in our operating environment during the year, the University community continued to move forward in delivering upon the key milestones of our strategic plan. Transformation is at the heart of that plan, building on the core values of our historic institutions and redefining those to reflect Wales' future needs. We look forward to celebrating our Bicentenary in 2022 which marks the birthplace of higher education in Wales.

We are grateful to the staff, students, and the members of the University's Governing Body for their continued and valued support.



Prof Medwin Hughes (Vice-Chancellor)



The Venerable Randolph Thomas (Chair)

OPERATING AND FINANCIAL REVIEW

Public benefit statement

The University is a registered charity and its charity number is 1149535.

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 objects of the University are set out in its Charter:

'to advance education and disseminate knowledge by teaching, scholarship and research for the public benefit, which includes but is not limited to: (a) The power to award and revoke degrees of any rank of the University and other distinctions... in its own name and/or dually or jointly with other education institutions; and (b) The provision and maintenance of a significant physical University presence in Swansea, Carmarthen, and Lampeter (or such other places as may be determined), which facilitates the objects of the University; and (c) The objects of the University shall have regard to the vocational, bilingual, and Anglican heritages of historical entities.'

Through our activities we promote:

Excellent teaching informed by scholarship and professional practice, and applied research that influences knowledge and policy in Wales and beyond.

Inclusivity, by removing barriers to participation and supporting people from all backgrounds and circumstances to fulfil their potential.

Employability and creativity, by offering educational programmes that develop entrepreneurial and creative skills, enabling learners to have the best opportunities to gain employment and to contribute to the prosperity of their communities.

Collaboration through strategic relationships, working with others to provide educational and commercial opportunities and to ensure that Wales is connected to the wider world.

Sustainable development, by behaving in a way which ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs, and by systematically embedding this principle in our approach to teaching and learning.

The concept of global citizenship, through the development of multi-national activities and opportunities for our learners, staff and partners.

Wales and its distinctiveness, through embedding the goals of the *Well-Being of Future Generations (Wales) Act* in all of our activities, and by celebrating the vibrant culture, heritage and language of Wales. At the heart of the University's Strategic Plan is a commitment to all of its learners and specifically to Wales – to its culture, its heritage and its language, and to the prosperity and long-term health of its citizens. It recognises its local, national, international and civic role as a provider of higher education, and the responsibilities that it bears. As a reflection of this commitment, the seven goals and the five ways of working of the *Well-Being of Future Generations (Wales) Act 2015* have been placed at the core of planning, and its aspirations are closely aligned with those expressed by the Welsh Government in *Taking Wales Forward 2016-21*.

Key to the University's values are promoting social inclusion, increasing participation and making a positive impact on the economy, society and culture of Wales and beyond. The University's teaching and learning strategy and development of new learning centres demonstrates its approach to supporting learners to fulfil their potential, and contributing to social and economic requirements and the wider skills agenda. It addresses the Welsh Government's agenda outlined in *For our Future* and the priorities of the Higher

OPERATING AND FINANCIAL REVIEW

Education Funding Council for Wales. The University has developed strong links with local communities to assist with the development of new learning centres.

Objectives and Activities

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

Mission

Transforming Education; Transforming Lives.

Vision

Our vision is to be a University for Wales, with a commitment to the well-being and heritage of the nation at the heart of all that we do. Central to our vision is the promotion and embedding of a dual-sector educational system which educates learners of all ages and backgrounds, and stimulates economic development in our region, across Wales and beyond.

Key Deliverables

In September 2017 the University launched a Strategic Plan for period 2017 to 2022. There are four strategic priorities for the planning period:

1. Putting learners first;
2. Maintaining excellence in teaching, scholarship and applied research;
3. Creation of opportunities through partnerships; and
4. Maintaining a University for Wales;

In addition, the Strategic Plan identifies seven key enablers to be achieved to support delivery of the strategic priorities. These are:

1. Maintaining financial security;
2. Supporting, encouraging and developing our people;
3. Improving our estates and infrastructure;
4. Maintaining good governance;
5. Providing effective leadership and management;
6. Promoting equality; and
7. Seeking continuous improvement.

Each of the strategic priorities and enablers has specific plans, measures of success and key performance indicators attached to it.

Institutional performance is systematically monitored against the 'measures of success' for the four strategic priorities set out in the University's Strategic Plan. Council's Resources and Performance Committee and Council itself receives an annual report on performance. Within the annual report each measure of success is split to show the target and 'actual' levels of performance, colour-coded to indicate whether they have been achieved or otherwise. Narrative information provides context and explanations where targets have not been achieved. The report for 2019/20, presented in 2020/21, showed good performance in the majority of areas.

On behalf of the Council, the Resources and Performance Committee also maintains oversight of performance against ten Key Performance Indicators (KPIs). Monitoring reports are provided at each meeting, with an annual assessment and narrative presented at the final meeting of each year. The 2020/21 assessment showed good or satisfactory performance in nine KPIs, with a weaker performance in one area.

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Wherever possible performance is measured quantitatively using HESA or other externally-benchmarked and verified data

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

The University's commitment to equality and diversity is set out in its *Strategic Equality Plan 2016-20* and is consistent with its mission to Transform Education and Transform Lives. Inclusivity is one of its key planning themes; it is embedded within the curriculum and is aligned to the Welsh Government's Wellbeing of Future Generations Goal of a more equal Wales. 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.

INSPIRE (Institute for Sustainable Practice, Innovation and Resource Efficiency) has continued to support the embedding of sustainability within the University's curriculum at all levels as well as engaging with the widest number of organisations to develop sustainable practice across all sectors in Wales and further afield.

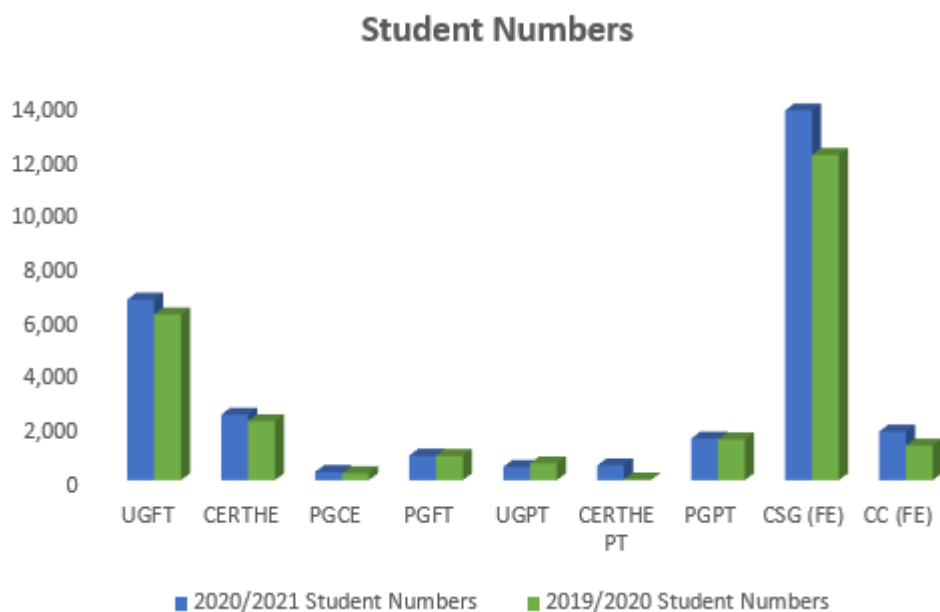
Tuition fees

In October 2021 the University published its Fee and Access Plan for 2021/22 with a full-time undergraduate tuition fee of £9,000. This level is consistent with the fee in 2021/222 and 2020/21

OPERATING AND FINANCIAL REVIEW

2020/21 Student Numbers

The table below show the make up of the University's student population.



The group saw students studying on undergraduate courses increase by 13%, post graduate courses by 3% and on further education courses by 16% in the year.

The University is committed to having a student body that is balanced and diverse in terms of background and experience, with all the educational and cultural benefits that this brings. It encourages applications from all those with the motivation and academic ability to thrive at its locations within the South West Wales region, at its London campus, Birmingham Learning Centre and other outreach centres, whatever their background.

Principal risks and uncertainties

The underlying principal risks and uncertainties faced by the University which remain consistent with previous years are as follows:

- Managing in year cash-flows, particularly in light of the impact of the timing of tuition fee payments upon cash balances held within the Group at any one point in time, notwithstanding that cash balances remain substantial at the year-end (£26.1million);
- In line with the above managing the cash-flows and net asset balance to meet the banking covenants set as part of the secured borrowing with HSBC bank;
- Home/EU student recruitment and retention given uncertain political and economic environments and demographic trends;
- Managing performance across all of the Group's complex and diverse entities and locations and harmonising activity where appropriate to deliver strategic gains; and
- Development of the Group Estates Strategy to support on-going integration and future development of the University.

Covid-19

The University, as is common across the Higher Education sector, continues to be faced with a wide reaching range of risks that have arisen purely as a result of the Covid-19 pandemic and associated lockdown measures. The impact of these risks are reflected in the results for 2020/2021 and 2019/2020 and will continue to have an impact into 2021/2022.

OPERATING AND FINANCIAL REVIEW

It is unclear at this time as to whether the pandemic will remain as an influencing factor in 2022/23 and beyond and the University's strategy for the medium term recognises that the risk may still remain but is one of readiness to successfully operate in a post pandemic environment.

The key risk facing the University in August 2020 was in how recruitment levels would compare to prior years, with an added variable of teacher assessed grades giving more unpredictability to the options open to students. The recruitment both in September 2020 and for the 2 in-year intakes proved to be higher than forecast, and than in previous years.

The University moved to a fully online teaching model at the end of March 2020, moving back to a hybrid model heavily biased towards online teaching in August 2020 and then back to a fully online model in January 2021. There was no notable increase in students withdrawing from their studies due to this and did not experience any significant numbers of student withdrawals in term 3 from this move. The new intakes in the London and Birmingham learning centres in both June and September were in line with the original budget despite being delivered online in full.

Other income streams continue to be impacted by Covid-19 with conferencing income and catering income being at virtually nil for the majority of the year. The university also provided refunds for students for accommodation that could not be used in early 2021

As the University enters the new academic and financial year the 2 primary risks continue to be:

- Student recruitment and retention; and
- Ensuring that the University Campus facilities are maintained in a Covid-19 safe state.

The University is offering a blended learning medium for 2021/2022 with significant amounts of teaching being online and onsite facilities being open and available for practical work, smaller lectures and tutorials. In order to support students in this approach, the University continues to provide support through a digital bursary that will provide laptops to those students who need this assistance. The recruitment in term one has been strong, the risk of retention remains and the University is proactively working with its student population and employees to provide a fulfilling and meaningful learning experience. Student pulse surveys are being utilised to gauge the effectiveness of the University's model.

The immediate outlook for international student recruitment is less certain and ongoing restrictions provide a barrier for students to enter the UK. The University's income from international students is relatively low but is still an important income stream and one that will drive future growth for the University. The University believes that the demand for education in the UK remains strong and any shortfalls in income in 2020/21 and 2021/2022 will be a temporary event. Mitigating actions have been made through the introduction of new courses to counter the forecast fall in international income.

In managing the University campus facilities, the estates team continue to prioritise efforts in ensuring that the various sites meet the required Covid safe levels. Specific budget for this activity was made in 2020/2021 and for 2021/2022

As noted in the introduction to these financial statements all departments in the University are working towards managing the risks posed by Covid-19 to ensure that the teaching, operations and support of the University continue and allow it to deliver on the immediate future as well as its longer term strategic developments.

Future prospects

The current environment within the sector is challenging but the University has invested significantly in its estate and improving the quality of its student experience, as reflected in its performance in the National Student Survey. In addition it is developing new provision and delivery modes, aimed at the development of new learning centres, and these are achieving growth to compensate for some of the reduction experienced in other fee income. This is transforming the University portfolio and will, in the medium to long term, ensure

OPERATING AND FINANCIAL REVIEW

its sustainability and success. In the short term generation of cash surpluses is a key objective and the University has taken focused action to reduce costs to ensure they are in line with income levels to achieve this.

Declaration of information to auditor

In so far 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.

Overview of the Year 2020-2021

I am pleased to present an overview of the University's key achievements in 2020-21

During the year the University made progress on a number of initiatives which reinforced its reputation for its vocationally relevant and employment-focussed offer. In September, we launched the Graduate Attributes Framework as part of our undergraduate programmes. The Framework, which is delivered online, focuses on the attributes of Employability, Digital Skills and Learning for Life, and aims to prepare our students for a digitally enabled workplace that will also see an increased demand for creativity, innovation and resilience.

Creativity and enterprise are also central to the University. We aim to enhance graduate employability and the number of graduate start-ups by creating more opportunities for students to work with academics and businesses to explore ideas and create new sustainable businesses, products, and services. Our graduate entrepreneurs are invited back to the University to help inspire others by sharing their inspirational journeys, insights, and expertise. With Wales leading the UK with the highest number of graduate start-ups per capita, I was delighted that UWTSD was named 1st in UK for start-ups still active after 3-years, 2nd in the UK for total number of active firms and 9th in UK for total number employed in graduate start-ups.

A key priority during the year was to work with employers across the region to address their skills needs and, in particular, to enable them to exploit the digital transformation which has been hastened by the pandemic. Such initiatives as the newly launched Advanced Manufacturing Skills Academy and the EU funded Manufacture Advanced Design Engineering (MADE) programme are leading the way in addressing such skills deficits and training needs by bringing companies into the university to capitalise on the expertise of our staff and our state-of-the-art facilities.

The expansion of the University's degree apprenticeships offer demonstrates the growing appetite for work-based programmes from government, employers, and students alike. We were delighted to receive a positive outcome from the Quality Assurance Agency's Developmental Review of our provision. Apprenticeships provide a unique opportunity to co-create a programme of study with employers that completely integrates academic study and its practical application. Providing skills and training linked to real career opportunities whilst also enabling students to study an undergraduate award demonstrates the skills-pipeline at the heart of the University's provision and assists in increasing participation in higher education.

The range of collaborative partnerships with organisations across the UK and internationally are also key in promoting participation in higher education.

The University has a longstanding reputation and strong track record for Initial Teacher Education and Training, which is delivered through Yr Athrofa. In creating Yr Athrofa our intention was to lead transformational change and support a self-improving education system, in accordance with the Welsh Government's policies relating to teacher education, curriculum reform and school improvement. In what has been a particularly challenging year

OPERATING AND FINANCIAL REVIEW

for our schools, I'm delighted that Yr Athrofa continued to support both our student-teachers as well as our professional learning partnership with primary and secondary schools in South Wales.

Significant work was undertaken during the year to prepare the University's submission to the Research Excellence Framework (REF) which assesses the quality of research in UK higher education institutions with results to be announced in April 2022. Focused submissions were made to five Units of Assessment covering nearly a fifth of all eligible staff in the University (18%). Areas included:

- **Theology and Religious Studies** (covering most of the humanities disciplines in Lampeter)
- **Celtic Studies** (Centre for Advanced Welsh and Celtic Studies - CAWCS)
- **Art and Design** (including CBM, ATIC, CIC, and Swansea College of Art)
- **Education** It includes the work of 18 staff in Yr Athrofa and IMH (including WAPPAR, WAHPL and IICED)
- **Psychology** (this includes five members of staff which demonstrates our investment in growing focused areas of research with interdisciplinary potential).

The submissions included some very strong impact case studies. For example, in European educational policy development, health and physical literacy programmes in Welsh schools, regional regeneration at Strata Florida, the introduction of new legislation (based on animal ethics) in the Senedd, and the commercial adoption of assistive devices for brain injured children. All submissions demonstrate the depth and breadth of our knowledge exchange and research environment through collaborative research, programmes of public engagement that promoted active citizenship, continuing professional development, commercialisation and IP development, regeneration and support for new business growth and entrepreneurship.

The development of a distinctive health and wellbeing portfolio linked to the Welsh Government's Wellbeing of Future Generations Act 2015 enables the University to provide an inter-disciplinary approach to curriculum development in liaison with key partners. UWTSD Group's location across the region provides opportunities to work with health professionals and communities across South West Wales on developing programmes to meet their specific needs. The University worked closely with Carmarthenshire County Council, Hywel Dda University Health Board and other universities and colleges on the Pentre Awel initiative. The development, which is part of the Swansea Bay City Deal, will provide public, academic, business and health facilities on one site in Llanelli to boost employment, education, leisure provision, health research and delivery, and skills and training. It will include a skills centre focusing on health and care training, as well as research facilities and a clinical delivery centre to deliver multi-disciplinary care.

The location of our campuses enables the University to play a significant role in the life of the region. Our campuses act as strategic economic, cultural and social anchors, reinforcing a sense of place and creating the conditions where people and communities can thrive. During the year, our campus Provosts continued to work with a range of internal and external stakeholders to define each campus' offer to promote their unique character and distinctiveness as well as to ensure that the University's provision addresses skills needs within their immediate environs.

A significant investment was made in the Lampeter campus on the refurbishment of the iconic St David's Building in partnership with the Chin Kung Multi-Cultural Educational Foundation. This partnership has already seen the development of new provision delivered at Lampeter via the Academy of Sinology, including professional doctorate programmes and conferences as well as significant investment into the campus infrastructure.

OPERATING AND FINANCIAL REVIEW

During the year, we launched the iHumanities College building upon Lampeter's reputation for the study of the Humanities and its international multi-cultural and multi-faith ethos, as well as its expertise in delivering distance learning provision. In addition, due to the pandemic, our research seminars were held online and were made accessible to a much wider range of participants. The seminars facilitated new levels of interaction and an increased sense of community with our partners.

A major development for the Lampeter Campus is the Canolfan Tir Glas initiative. We were pleased to receive support from Ceredigion County Council and the European Union's Rural Development Programme to develop Canolfan Tir Glas, which aims to promote the local food industry, local sustainability, resilience, and enterprise within a rural context. Working closely with the local authority and a range of local organisations, the initiative aims to strengthen the economic infrastructure of Lampeter and its hinterland. A core part of the scheme is the collaboration with supermarket Aldi to develop a food village on part of the University's Pontfaen fields, as well as a food and hospitality training centre within the town. The development also includes the creation of a Rural Enterprise Hub and a University of Gastronomy on the campus itself. The initiative is underpinned by economic regeneration, with the aim of creating new jobs, attracting many more visitors to the town and increasing the number of further and higher education students studying in Lampeter.

The Carmarthen campus' distinctive offer centres around the themes of education, children and young people, health, care and wellbeing, creativity, and rurality. Developing our students' entrepreneurial and enterprise skills and engagement with business and industry is key to that offer through such initiatives as Canolfan S4C yr Egin. Yr Egin, which is home to S4C as well as a range of companies within the creative and digital industries, has already established itself in the life of the region. *The University worked closely with a range of companies within Yr Egin to develop our provision and to embrace the challenges of the fourth industrial revolution with its high dependency on collaboration and rapid advancements in technology.* During the year, we were pleased to be selected as one of the three hosts in Wales to deliver one of S4C's new networks as part of the S4C Lleol project. Shwmae Sir Gâr gives ownership to the county's residents to voice their opinion on a range of topics, share their stories, as well as promote the rich and diverse culture of Carmarthenshire. The project is led by Canolfan S4C Yr Egin and Cwmni Cynhyrchu Carlam Cyf, the latter established by UWTSD graduate Euros Llŷr Morgan.

The University's Swansea Campus has a reputation for innovation and enterprise. In particular, the portfolio enables the University to offer a diverse range of services - from translational research and innovation, to applied technical skills and enterprise supporting employers, facilitating job creation, and attracting investment into the region.

Significant investment has been made in the Swansea campus to develop the concept of an Urban Learning Village based in and around the city centre. The University's Innovation Matrix is part of the Swansea Bay City Deal's Swansea City and Waterfront Digital District and will deliver incubation and start-up spaces for graduates and new businesses.

During the year, a collaboration was established between world-leading innovator in nitrogen plasma technology Energist Ltd, the University's Assistive Technologies Innovation Centre (ATiC), and Swansea University's Healthcare Technology Centre (HTC) to explore the development of new equipment and practices for use in the treatment of chronic acne. ATiC's role in the programme, which is part of the Accelerate Wales programme, is to undertake research into treatment areas, user experience and ergonomic evaluation.

I was pleased that the University continued to provide practical support to employers, despite the challenges of the pandemic. In June, MADE Cymru organised an online Industry Summit, to engage and inspire businesses during this critical period of post-Covid recovery. Expert speakers included representatives from Industry Wales, Development Bank of Wales, Welsh Government and KTN.

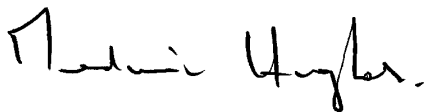
OPERATING AND FINANCIAL REVIEW

The Wales Institute of Science and Art continued to produce award-winning work, working with students to access specialist facilities, laboratories, and workshops despite the challenges of the Coronavirus context. The creativity and ingenuity of students and staff were evident in the way they presented their work in exhibitions and performances. In particular, as Welsh Government restrictions eased at the end of the academic year, we were delighted to be able to attend COVID-safe open-air performances of Godspell by students of Canolfan Berfformio Cymru in the inspiring setting of Cardiff castle.

The end of the academic year is normally a time for acknowledging achievement and celebrating success and is also when we welcome our alumni, Honorary Fellows and friends back to our campuses and to thank them for their support. The formal graduation ceremonies for this year's graduates will take place at a later date but I'm pleased to note that we were able to bring the academic year to a close with a series of celebratory events to mark our students' achievements and success.

In 2022, the University looks forward to celebrating 200 years of higher education in Wales and its role in shaping a nation. The bicentenary commemorates the establishment of St David's College, Lampeter on 12 August 1822 through the laying of the foundation stone which marked the birthplace of higher education in Wales. Lampeter, of course, was established by Bishop Thomas Burgess to provide a liberal education for those who were destined to take holy orders; its *raison d'être* to provide a vocational education for the people of Wales in Wales. This is the ethos which continues to drive the values and culture of UWTSD as we seek to transform education and in doing so transform the lives of those we serve.

This review provides a snapshot of the achievements of staff and students during the year. I am grateful to them, and the University's Governing Body, for their continued and valued support and, as we now move forward to the next phase in our journey, we look confidently to the future and to the success of our students, staff and alumni.



Professor Medwin Hughes, DL
Vice-Chancellor

OPERATING AND FINANCIAL REVIEW

Financial Review

The Director of Financial Services and the Chair of the Resources and Planning Committee present a review of the financial performance of the group for the year to July 2021.

The consolidated results recorded a surplus for the year of £7.1 million (2020: £4.0 million), and a total comprehensive income of £28.0 million (2020: total comprehensive loss £25.1 million). This result encompasses all activities, other than the Students' Union which is an independent body.

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

Statement of Comprehensive Income summary

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000	Movement £'000
Income	173,871	149,296	24,575
Expenditure	(165,667)	(144,159)	(21,508)
Profit on Sale of Assets	36	69	(33)
Decrease in fair value of investment properties	(1,872)	(433)	(1,439)
Loss on investments	811	(393)	1,204
Share of operating loss in associate	-	(320)	320
Taxation	(46)	(8)	(38)
Surplus for the year	7,134	4,051	3,083
Actuarial gain/(loss) in respect of pension schemes	20,880	(29,121)	51,180
Gain on revaluation of heritage assets	-	-	-
Total comprehensive income/(loss) for the year	28,014	(25,076)	54,269

The University set a budget and operating plan for the year based on a conservative view on tuition fee income due to the high level of uncertainties in the sector and general environment in the summer of 2020 arising from the Covid-19 pandemic and associated restrictions in place across both the UK and World. This budget delivered a surplus and cash generation of £1m, sufficient to ensure compliance with the banking covenants

As the year unfolded a number of the downside scenarios built into the budget did not materialise and income levels before any funding grants exceeded both the downgraded and baseline budget levels. The cost control measures implemented at the beginning of the year have been maintained and this strong financial management has resulted in the increased surplus in the year.

A number of grants relating to Covid-19 support have been received in the year, the majority of these have resulted in an equal level of expenditure so whilst they have the impact of increasing income, they have had a negligible impact on the surplus recorded.

Tuition fee income for the university continues to be the driver to its growth, particularly in the CERTHE courses that are offered. The delivery of these courses does not follow the traditional academic year profile, with multiple intakes throughout the year. As a result a portion of the income from the in year intakes is deferred at 31 July and recognised in the following year. As the number of students on these courses grow the deferred income also grows. At 31 July 2021 the deferred student income was £16.2 million (2020: £12.3 million).

The University has prioritised expenditure in academic delivery and maintaining its estate (including ensuring Covid-19 safety was maintained).

OPERATING AND FINANCIAL REVIEW

The University operates in a complex environment and as such there are a number of non-core activities and non-cash items that influence the surplus recorded in the statement of comprehensive income. As is presented in the table below the nature of these items are consistent with the prior year, however the value of the items fluctuate across the years and the growth in the underlying surplus of the University is greater than in the reported surplus.

The impact of these is summarised in the table below:

Statement of Comprehensive Income summary

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Total Comprehensive Income for the year	28,014	(25,076)
Add back actuarial movement on pension schemes	(20,880)	29,121
<u>Deduct non-core income</u>		
Capital grants received	(5,165)	(2,659)
Gain on disposal of fixed assets	(36)	(69)
<u>Add back non-core expenditure</u>		
Net non-cash pension costs & adjustments	4,980	(1,727)
Revaluation of derivative liability	(855)	480
Restructuring costs	155	298
Property impairment charges	3,206	-
Decrease in fair value of investment properties	1,872	433
loss on investments	(811)	393
Share of operating deficit in joint venture and associate	-	320
Underlying (deficit)/surplus	10,480	1,514

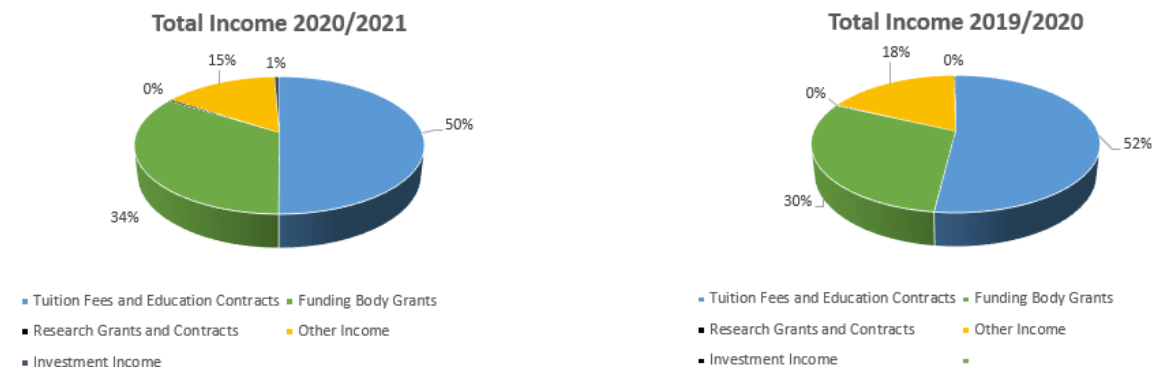
It is management's opinion that the underlying performance is a true measure of the operating activity within the University and the Group and is the result of the measures taken in previous years and not just the actions taken to mitigate the Covid-19 pandemic.

Management is also pleased with the net cash inflow of £27.0 million. This is ahead of the budget inflow of (1.0m) and provides a good level of headroom to the banking covenants. This cash inflow does include the impact of SLC funding profiles being accelerated in 2020/2021 to be 50% received in term 1 and 50% in term 3 (25% term 1, 25% term 2, 50% term 3 being the expected receipt profile). The impact of this is reflected in the cashflow in the term 3 intake on the CERTHE products

OPERATING AND FINANCIAL REVIEW

Income

The consolidated total income for the year amounted to £173.9 million (2020: 149.3 million). The make up of the income is summarised below



Consolidated Income

Tuition fees and education contracts
Funding body grants – HEFCW
Funding body grants – Other
Research grants and contracts
Other income
Investment income

Year ended 31 July 2021		Year ended 31 July 2020	
£ million	%	£ million	%
87.0	50%	77.6	52%
12.3	7%	4.7	3%
46.7	27%	39.9	27%
0.6	0%	0.3	0%
26.2	15%	26.4	18%
1.1	1%	0.3	0%
173.9	100%	149.3	100%

Funding body grants – Other reflect grants from the Welsh Government, received by Coleg Sir Gar, Coleg Ceredigion and Y Ganolfan Dysgu Cymraeg Genedlaethol (YGDCG).

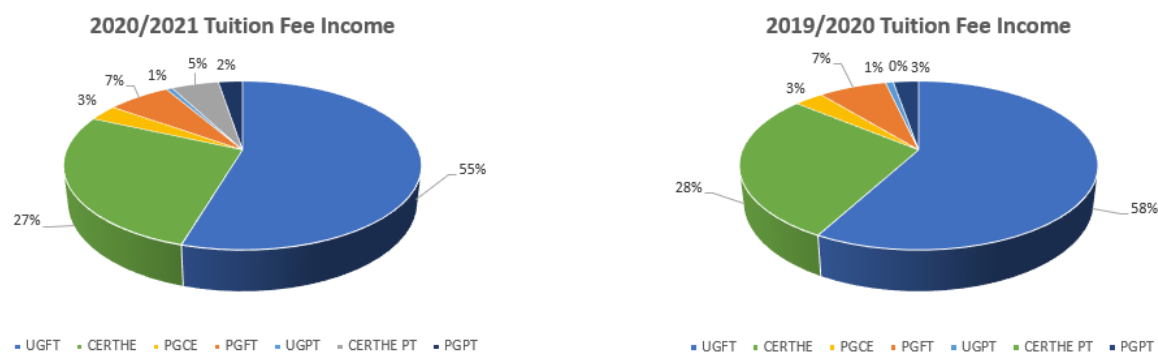
Other income arises from a wide range of sources including: student residences, catering and grant funding for projects and programmes.

The make-up of tuition fee income, generated from the student profile noted above is below

7 Consolidated Income

Full Time Home and EU
Full Time International
Part Time
Education Contracts (FE Colleges)

2020/2021 £ million	2019/2020 £ million	Movement £ million	Movement %
76.6	67.7	8.9	12%
5.0	4.5	0.5	10%
3.8	3.6	0.2	5%
1.6	1.8	(0.2)	(13%)
87.0	77.6	9.4	14%



OPERATING AND FINANCIAL REVIEW

Covid-19 Support Funding

The University received significant grant funding from Welsh Government (via Hefcw) specifically to do with hardship and recovery from Covid-19.

Within this funding is £4.5 million received to support students suffering hardship, from £2.6 million was distributed as cash payments to students, £0.3 million used to support digital hardship, £0.2 million used to support accommodation hardship, £0.1 million used for direct support such as food parcels, £0.6 million spent on providing online study support and materials and £0.8million absorbed by the university for providing support and advice to students.

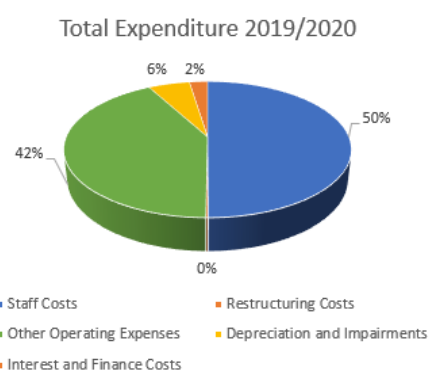
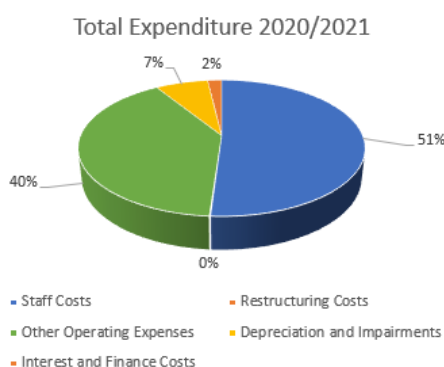
The university was awarded £1.5m from its sole institution bid to the Higher Education Investment and Recovery Fund (HEIR funding) and a further £1.8m as part of 4 collaborative bids with other institutions. A number of the initiatives and outcomes from this funding will complete in 2021/2022 with £0.4 million of the sole bid and £1.4 million of the collaborative bid funding deferred at 31 July 2021.

A capital grant for £4m was received to offset capital expenditure in areas that support the governments growth agenda. The fund claim was made covering expenditure that had already been made. University immediately utilised £1.5 million of the cash received on sustainability/retrofitting capital projects with the balance being carried into 2021/2022 for similar projects.

The University thanks Welsh Government for its support in the year and is pleased that a high % of this has been earmarked (and therefore spent) for distribution directly to students as either cash support or other direct support such as food parcels. Our students indicate that they are satisfied with the way that the funds were made available and the speed in which the funds were distributed.

Expenditure

The consolidated total expenditure for the year was £165.7 million (2020: £144.2 million). The make up of the expenditure is summarised below



Consolidated Expenditure

Staffing costs
Other operating costs
Depreciation and impairment
Interest and finance

Year ended 31 July 2021		Year ended 31 July 2020	
£ million	%	£ million	%
84.6	51%	72.0	50%
66.2	40%	60.4	42%
11.7	7%	8.0	6%
3.1	2%	3.5	2%
165.7	100%	144.2	100%

OPERATING AND FINANCIAL REVIEW

Staffing costs represent 49% of total income for the year (2019: 48%) The increase in staffing costs of £12.6 million includes an increase of £7.5 million in the year-on-year movement on the USS provision. Excluding this non-cash item gives a staffing cost total of £81.9 million (2020: £76.8 million) which represents 47.1% of income (2020: 51.5%). Staffing costs include £0.1 million of fundamental restructuring costs (2020: £0.3 million#)

The increase in other operating costs is largely through 2 sources, firstly an increase in expenditure specifically linked to increased grant funding and secondly an increase in the agent commission costs paid on the increased recruitment in the CERTHE courses. General operating expenditure has been maintained the budget level which us a decrease on the prior year

Depreciation and impairment costs include impairment charges of £3.2 million (2020: £nil) and depreciation on fixed assets of £8.5 million (2020: £8.0 million).

Interest and finance costs include pension scheme interest charges of £1.2 million (2020: £1.2 million) and loan interest of £1.6m (2019: £1.6 million).

Balance Sheet

The consolidated Balance Sheet discloses a net assets position of £78.1 million as at 31 July 2021 (2020: £48.9 million). The increase in net assets primarily arises from the decrease in pension liabilities of £15.8 million to £73.4 million (2019: £89.2 million). When Pension liabilities are excluded the net asset position is £151.5m at 31 July 2021 (2020: £138.2m).

Cash and cash equivalent balances were £54.9 million at 31 July 2021 (2019: £27.0 million) with the increase reflecting the increase in income generating activity in the year and a proactive debt management process. The budget for 2021/2022 shows further cash generation.

Capital expenditure at £9.3 million is higher than 2020 (£5.9million) partly due to unbudgeted capital expenditure of £1.5 million on green and sustainability projects facilitated through (but not directly funded by) the receipt of the capital grant from Welsh Government.

The £31.9 million disposals include £28.8 million of assets that have been removed form the fixed asset register at nil NB following a management review on the use and expected future benefit flows from the assets showing that they have no future linked income generation.

The impairment charge of £3.2 million relate to work on buildings on the Lampeter campus where future benefits will flow to a third party. An impairment review has been undertaken on the academic property owned by the University with no indicators of impairment being identified.

Total creditors (due within one year) were £63.6 million at the year-end (2019: £51.8 million). The increase is largely a result of a £6.7 million increase in deferred income balances and an increase in trade creditors of £5.0 million due to timing of expenditure and invoice receipt.

Total Creditors (due after one year) were £34.7m at the year-end (2019: £36.5m). The reduction is through the scheduled £2 million repayment of the secured loan with HSBC.

OPERATING AND FINANCIAL REVIEW

Cash Flow

The consolidated net cash inflow from operating activities was £33.3 million for the year (2020: £14.4 million) and the overall cash inflow was £27.8m (2020: £13.8 million).

Cashflows from operating activities are impacted by the recognition of the positive non-cash pension costs of £6.2 million (2020: negative £1.7 million).

Cashflows from investing activities include proceeds from the sale of fixed assets of £0.2 million (2020: £4.4 million) and capital grant receipts of £5.2 million (2020: £2.7 million) less payments made to acquire fixed assets of £9.3 million (2019: £6.1 million).

Cashflows from financing activities comprises of new finance leases to fund the purchase of equipment of £0.5m (2020: £0.5m) less payments made against finance leases of £0.3 million (2020: £0.7 million) giving a net movement of (£0.2m) (2020: (£0.2m)) and interest payments of £1.6 million (2020: £1.6 million)

Bank covenant compliance

During 2019/2020 the University renegotiated one of its banking covenants to remove the volatile impact of the pension scheme revaluations experienced in recent years. The 3 covenants in place for the year are

- The ratio of cash-flow available to meet debt servicing costs for the prior 12 months to be not less than 1.1 times debt servicing costs;
- The ratio of net debt to total income to be not more than 50%; and
- The level of consolidated net assets excluding pension liabilities to be not less than £105 million.

These covenants were tested, and passes at 31st October 2020, 31st January 2021, 30th April 2021, 31st July 2021. The budget and forecasts prepared indicate that they will be passed at all points for the remaining term of the loan product and the stress tested forecasts prepared for going concern assessment also indicate sufficient headroom in passing the tests up to October 2022.

Treasury Management

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible returns while minimising risk. At 31 July 2021 consolidated short-term investments, deposits and cash totalled £60.7 million (2020: £31.8 million). Of this amount, £9.0 million (2020: £7.6 million) were endowment funds. Interest and dividend income from all investments and deposits (endowment and non-endowment) was £0.3 million (2020: £0.4 million) while gains on investments were £1.2 million (2019: loss £0.4 million).

Liquidity

The Group's current ratio at 31 July 2020 was 1.37 (2020: 1.16).

The University has prepared detailed monthly cashflow forecasts for the 12 months ended 31 July 2022 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.

Creditors due within one year amount to £63.5 million (2020: £51.8 million), the increase primarily arising from an increase in deferred income (£7 million), an increase in other accruals (£5 million) and an increase in Trade Creditors (£5 million).

The increase in deferred income is driven through the increase in students on in-year intakes as noted above and through funds from Hefcw being deferred into 2021/2022

The trade creditors increase is due to timing of transactions, there has been no amendment to the creditor payment policy in the year which continues to follow best practice. The University's payment policy requires the University to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

OPERATING AND FINANCIAL REVIEW

Pensions

The movement on the provisions for the defined benefit pension schemes available (including closed schemes) is detailed in note 28. FRS102 requires the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS), this liability is included in the pension provision with additional costs are processed through staff costs in the consolidated statement of income and expenditure. The total provision for pension liabilities reduced by £14.8 million in the year to £74.5 million (2020: 89.2 million).

The impact on the pension scheme movements on the statement of financial performance is reflected as a £2.9 million charge within payroll costs (2020: £4.8 million credit) and an actuarial gain of £20.1 million (2020: £29.1 million loss)

In addition, £1.2 million (2020: £1.2 million) has been recognised through interest expense

As noted in Note 27, the 2020 valuation for the USS scheme completed in October 2020. The significant increases highlighted in early provisional outputs have not materialised and the modest contribution increase from October 2021 (from the 2018 valuation) is the only increase expected following the conclusion of the valuation

Management undertook a review on the underlying assumptions within the actuarial reports for each of the LGPS, TPS and In House schemes with all of the inflation, discount rate and salary movement assumptions falling within the range expected based on a peer review of 8 other institution schemes. There have been no material movements in these assumptions and the actuarial gains recognised in the year are a result of strong investment performance leading to asset growth.

OPERATING AND FINANCIAL REVIEW

Financial Health

The University is operating in a challenging economic environment which it is pro-actively managing.

The key indicators of surplus, cashflow and headroom in the banking covenants all give a positive view on the current status on the University's financial health.

The university recognises the need to actively manage this position in future periods with key areas for management focus including:

- 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 traditional three year undergraduate programmes and increased development of new and innovative delivery programmes;
- maintaining a sufficient level of cash reserves to support operations while using surplus cash for investment in the transformed University's estate strategy;
- managing cash flows, including the timely collection of receipts from the student loans company, to ensure compliance with bank covenants;
- being pro-active in responding to the reductions in core funding from HEFCW and Welsh Government;
- responding to the changing political context of Higher Education in Wales;
- further diversification of income streams; and
- robustly managing increases in pension costs.

During the year ended 31 July 2021 the University's increased teaching activity has translated into positive cash flows and further diversification into new teaching areas and anticipated increased commercial activity during 2021/2022 will further add to the building of the Groups' cash reserves and ability to service future investments in infrastructure and student experience.

Sustainability

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

The University considers income generation and realisation of this income in cash as the most appropriate method of maintaining sustainability.

Underpinning this financial security is a diversification in the University's income streams through launching innovative new learning routes to support the traditional 3-year undergraduate courses and post graduate opportunities. The CERTHE qualifications are a key component of the University's tuition fee income and an area of focus and projected growth.

The profile of student intakes in the University is also evolving with increasing numbers of students joining the University as in-year intakes rather than in the traditional September enrolment. This is providing a flatter profile of cash generation from tuition fees allowing for greater flexibility in managing cash outflows.

The diversification is not to the detriment of the traditional income routes with the University continuously seeking growth in its core offering. In this there is also a recognition that the continued success of the University is dependent upon the quality of its teaching and its infrastructure.

In setting the budget for 2021/2022 the cost base of the University was reset in order to ensure that the resources were available to support the University model as it moves into a post pandemic environment. The cost model provides the base to provide the all-round support that the University's students need and desire throughout the duration of the relationship, from initial application stage through to post graduation support.

OPERATING AND FINANCIAL REVIEW

Within the budget process the University has set targets for EBITDA and cash generation that will aid the management of its primary sustainability metric - being the University's cash position and projections. Along with a requirement to have sufficient cash reserves to meet its obligations, the University has 3 covenants with its bankers, HSBC, linked to borrowing. 2 of these covenants are directly related to cash generation.

Cashflow management involves close management of the monthly cashflow, with regular updates provided to the University Council on performance, including visible risks or opportunities. The university does have a term loan with HSBC and utilises tools such as finance leases to balance its cashflow against capital expenditure needs. 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 budget for 2021/2022 contains a modest capital expenditure value to maintain the estate and IT infrastructure. The IT expenditure is expected to be via finance lease, this lease will replace an existing lease that expires in the year. Estates expenditure will be funded through cash flow and the timing of any expenditure will follow cash receipts in the year. The estates strategy leans heavily on sustainable and green technologies.

The University expects to build upon the cash generation in 2020/21, despite the anticipated continued impact of Covid-19 through 2021/2022. It is also felt that the University has sufficient cash reserves at 31 July 2021 and a sensible budget for 2021/22 that allows it to look at the medium term with confidence that any additional financial impact from Covid-19 that is not within the budget assumptions can be managed

Going Concern

The University has produced cash flow projections for the 12 months from the date of the financial statements being signed showing that even under a number of downside scenarios from the anticipated performance sufficient cash will be generated in the period to service the expenditure and liabilities falling due in the same period and to meet the 3 loan covenants.

As noted above and in the Consolidated Statement of Cash flows there was a cash generation of £27.8 million in the year to 31 July 2021 with a net cash inflow from operating activities of £33.3m. This cash generation supports the analysis of underlying performance at the beginning of this financial review.

The University set out a budget for 2020/2021 with a conservative income expectation as a measure to protect the university from the uncertainty surrounding the general environment as a result of Covid-19, the budget cost lines were reduced accordingly in order to deliver a surplus and positive cash. As the year unfolded the tuition fee income exceeded both the conservative budget and the underlying expected income with the impact of Covid-19 removed. The controls over expenditure was maintained through the year and this has resulted in a surplus being reported for the year. As referenced in the income review the majority of the Covid-19 related funding received has been on the basis of an equal expense/cash outflow or has been deferred into 2021/2022. The budget prepared for 2021/2022 and subsequent 5 years forecast build on the performance in 2020/2021 and the delivery of a surplus and positive cash generation is a repeatable event

As noted in the Operating review risks section Covid-19 (and the move to a post pandemic environment) will continue to create uncertainty across the High Education Sector in 2021/2022 and the University continues to monitor any impact that this may have from both an operating and financial perspective.

The scenarios produced show that the University is in a position to manage this risk and the accounts are produced on a going concern basis to reflect the points covered above.



Andrew Curl (Chair, Resources and Planning Committee)



Gavin Bessant (Director of Financial Services)

OPERATING AND FINANCIAL REVIEW

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.

A Comprehensive risk register is maintained by the University with specific risks allocated to the appropriate senior managers and departmental heads. It is the responsibility of these risk owners to identify and implement mitigating actions to protect the University.

Risks are allocated an initial 'score' based on likelihood of occurrence and impact on the University with updates at each relevant committee and council meeting detailing progress towards mitigating actions/ new actions identified and an updated risk score post mitigation.

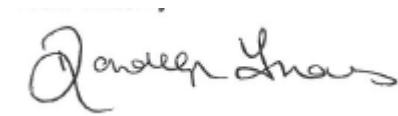
A full update to the register is presented to each meeting of the Audit and Risk Committee.

Conclusion

The ongoing Covid-19 pandemic is providing financial challenges to the whole Higher Education sector and these challenges will continue throughout 2020/21.

The University continues to deliver a divergence in products and markets alongside strengthening its core operations.

Cost management remains a key focus for the University and the activity that has been taken in previous years has provided a sound base from which the University can mitigate any challenges presented in the year and deliver *a healthy operating position to meet future challenges*.



The Venerable Randolph Thomas
Chair of University Council

STATEMENT OF CORPORATE GOVERNANCE

Governance arrangements

In accordance with the University's Supplemental Royal Charter as revised in 2012, 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 Primary Responsibilities are set out in the University's Ordinances.

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

The Council meets at least four times a year and also exercises its responsibilities through the executive management and several standing committees. A Scheme of Delegation sets out where decision-making authority in the name of, or on behalf of, the Council resides, and where this authority can and has been delegated. The standing committees are chaired by independent members of Council and all have a majority of independent members. Since 2019/20 staff and student Council members have been members of all standing committees with the exception of the Audit and Risk Committee. Senior officers of the University attend meetings as necessary.

A register of interests is maintained and presented annually for all members of Council and the standing committees along with senior officers of the University and its subsidiary companies

The standing committees of Council in 2020/21 were as follows:

- **Academic Committee**

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

The Committee met on two occasions in 2020/21. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment, international activities and quality assurance; the University's strategy for developing and promoting Welsh medium and bilingual education; and reports from Coleg Sir Gar on learners and standards.

The membership was follows: Geraint Roberts (Chair); Sian Eirian; Emma Hughes; Gareth Hughes; Professor Medwin Hughes; James Mills; Matthew Peake; Victoria Provis; Georgia Thomas; Randolph Thomas; Dr Kerry Tudor; Deris Williams.

One member did not attend the first meeting and resigned before the second meeting. The attendance rate was otherwise 100%.

- **Audit and Risk Committee**

The Audit and Risk Committee oversees audit and risk 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 Internal and External Auditors are present at each meeting.

The Committee met on five occasions in 2020/21. 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; reports on expenditure controls established for the additional HEFCW funding received in response to the pandemic; the corporate risk register; a twice-yearly transparency report on a range of matters including procurement and freedom of information; an annual report on whistleblowing; financial reports relating to the Students' Union; and reports from the Coleg Sir Gar

STATEMENT OF CORPORATE GOVERNANCE

Audit and Risk Management Committee. The Committee also reviewed the performance of the Internal and External Auditors and made recommendations to Council in respect of their contracts.

The membership was follows: Arwel Ellis Owen (Chair); Tony Ball; Eileen Curry; Nigel Roberts; Dr Liz Siberry; Alun Walters; Deris Williams; Jayne Woods.

The independent and co-opted members had an average attendance rate of 100% and 58% respectively.

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

- **Group Scrutiny Committee**

The Group Scrutiny Committee maintains oversight of the subsidiary companies of the University, focusing in particular on strategies pertaining to the relationship between the University and Coleg Sir Gar.

The Committee met on one occasion in 2020/21. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies, focusing on confirmation of compliance and strategic relevance to the Group; and an update on developments between the University and Coleg Sir Gar.

The membership was follows: Rowland Jones (Chair); Pam Berry; Professor Medwin Hughes; James Mills; Dr Stuart Robb; Maria Stedman; Randolph Thomas; Jayne Woods.

The attendance rate was 75%.

- **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 three occasions in 2020/21. It considered a range of issues within the scope of its remit, including progress against the action plans arising from the Governance Effectiveness Review in 2019 and the *Review of Governance of the Universities in Wales*; the revised CUC *Higher Education Code of Governance*; succession planning and the recruitment strategy for new independent governors; governance reports from Coleg Sir Gar; and reports on complaints.

The membership was as follows: Pam Berry (Chair); Andrew Curl; Tania Davies; Margaret Evans; Professor Medwin Hughes; James Mills; Maria Stedman; Randolph Thomas; Deris Williams.

One member did not attend on one occasion. The attendance rate was otherwise 100%.

STATEMENT OF CORPORATE GOVERNANCE

- **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 2020/21. It considered a range of issues within the scope of its remit, including the engagement of appropriate expert support; the creation of a University Secretary role; confidential matters affecting staff within its remit; the University's annual pay policy statement; and annual salary reviews for staff within its remit with accompanying relevant supporting information.

The membership was as follows: Pam Berry (Chair); Andrew Curl; Sian Eirian; Andrew Gibson; Eifion Griffiths; Dr Conny Matera-Rogers; James Mills; Randolph Thomas.

One member did not attend on one occasion. Another member did not attend the first meeting and resigned before the second meeting. The attendance rate was otherwise 100%.

The University publishes its annual pay policy on its website 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-201920-final-june-2021.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 five occasions in 2020/21. It considered a range of issues within the scope of its remit, including strategic developments; assessments of performance in relation to the measures of success of the Strategic Plan, the institutional Key Performance Indicators, and the targets of Fee and Access Plans; reports on student recruitment and retention; financial performance against forecasts and budgets and institutional sustainability; pensions; reports from the Estates Strategy Group established by the Council to oversee the strategic development of the estate; the allocation of resources to the Students' Union; human resources matters including approval of the annual pay award; and reports relating to finance and resources from Coleg Sir Gar.

The membership was as follows: Andrew Curl; Pam Berry; John Edge; Margaret Evans; Eifion Griffiths; Dr Gareth Hughes; Professor Medwin Hughes; Rowland Jones; Dr Conny Matera-Rogers; James Mills; Maria Stedman; Dr Geoffrey Thomas; Randolph Thomas.

Two members attended four of the five meetings and one member attended two of the five. The attendance rate was otherwise 100%.

STATEMENT OF CORPORATE GOVERNANCE

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

At executive level, the **Senior Directorate Group** meets on a regular basis in an advisory role to support the Vice-Chancellor and Deputy Vice-Chancellors in the formulating proposals for the strategic direction of the University. 19 meetings were held in 2020/21. A wide range of topics are discussed at the meetings – both strategic and operational - with Covid-19 related issues at the forefront of discussions since the pandemic began.

In 2020/21 the Senior Directorate membership was as follows: Professor Medwin Hughes (Chair), Stephen Baldwin, Gavin Bessant, Sarah Clark, Shone Hughes, Professor Dylan Jones, Barry Liles, Jane O'Rourke, Professor Mirjam Plantinga, Ray Selby (resigned March 2021), Professor Catrin Thomas. The attendance rate was 93%.

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*, published in December 2014 and revised in June 2018. An internal audit confirmed compliance with the 'must' statements of the Code in 2017. Analysis of the 'should' statements of the Code was undertaken the following year with a small number of areas identified for enhancement. 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. Through the Nominations and Governance Committee the Council has since reviewed the revised Code, published in September 2020. It has confirmed that all of the Primary Elements are in place and that adoption of all aspects of the Code will be complete following completion of its current work in relation to the Camm Review (see below).

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. 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 2020 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls.

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 October 2021 the Council had made considerable progress with implementing the plan, including by:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors
- implementing a recruitment and induction strategy with a focus on diversity;
- reviewing the standing committee structure;
- confirming its approach to governor independence and conflict management;
- reviewing its arrangements for remuneration governance;
- completing a review of risk management policy;
- reviewing the internal audit process;
- commissioning an annual report on whistle-blowing;
- 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;
- and
- adopting the new template for the Annual Report and Financial Statements 2020/21.

The Council's completion of its remaining work in relation to the Camm Review is now largely dependent on the completion of sector-wide work in relation to, for example, stakeholder engagement, and the development of a common approach to induction and development in support of retention.

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, and the annual Terms and Conditions of Funding issued by the Higher Education Funding Council for Wales (HEFCW).

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 2021 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. UWTSD Group and corporate-wide University risk registers, which rate the likelihood and impact of identified risks, are maintained and regularly reviewed by the Senior Directorate. Departmental risk registers are developed and reviewed at local level, with risks escalated to the corporate risk register as appropriate. Registers are also maintained for discrete major projects and activities. The Group and corporate risk registers are considered at each meeting of the Audit and Risk Committee and changes are reported to the Council. The Group Risk Management Policy and the construction of the risk register were comprehensively reviewed in 2019/20 and proposed revisions were approved by the Council in July 2020. An internal audit of the Group's approach to Risk Management was undertaken in summer 2020 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls.

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.

STATEMENT OF CORPORATE GOVERNANCE

COUNCIL RESPONSIBILITIES IN RESPECT OF 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 Memorandum of Assurance and Accountability issued by the Higher Education Funding Council for Wales (HEFCW) and applicable law and regulations and applicable law and regulations.

They are required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the requirements of the Charities Act 2011. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction to Higher Education Institutions for 2020/21 issued by HEFCW.

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

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

The 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 are also responsible for ensuring that:

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

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

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of Wales Trinity Saint David ("the University") for the year ended 31 July 2021 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 the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

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

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

Our conclusions based on this work:

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

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

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. We tested journals based on the following high risk criteria: journal entries containing the key words “error” and “suspense”; entries made by individuals who do not typically post journals; revenue journals posted to unrelated accounts; unusual journal entries in relation to cash and borrowings; and material journals posted after the ledger closing date.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify tuition fee and other revenue grants had been recognised in the correct accounting period.

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

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

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

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

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

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following 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 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 is responsible for the other information, which comprises the Operating and Financial Review and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- based solely on that work, we have identified material misstatements in the other information; and
- in our opinion the information given in Operating and Financial review and the Report of the Governors and Corporate Governance Statement, is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES: TRINITY SAINT DAVID

Council responsibilities

As explained more fully in their statement set out on page 31, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

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

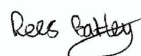
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes (or articles of government for post 1992 institutions);
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them and used for the purposes for which they were received; and
- the requirements of HEFCW's accounts direction have been met.

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

This report is made solely to the Council and in accordance 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
 3 Assembly Square
 Britannia Quay
 Cardiff
 CF10 4AX

27th November 2021

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	2	87,021	81,493	77,600	71,261
Funding body grants	3	58,903	12,286	44,616	4,605
Research grants and contracts	4	617	617	311	311
Other income	5	26,202	19,615	26,488	18,629
Investment income	6	1,128	1,106	281	252
Total Income		173,871	115,117	149,296	95,059
Expenditure					
Staff costs	7	84,700	55,445	72,302	48,365
Other operating expenses	9	66,155	41,642	60,358	35,288
Depreciation and impairments	11/12	11,686	8,432	7,981	5,187
Interest and other finance costs	8	3,125	2,520	3,524	3,056
Total expenditure		165,666	108,039	144,165	91,896
Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates.		8,205	7,078	5,131	3,163
Gain on disposal of fixed assets		36	32	69	58
Decrease in fair value of Investment properties	13	(1,872)	(1,672)	(433)	(258)
Gain/(Loss) on investments		811	770	(393)	(407)
Share of operating deficit in associate	14	-	-	(320)	(320)
		7,180	6,208	4,053	2,235
Taxation	10	(46)	-	(8)	-
Surplus/(deficit) for the year		7,134	6,208	4,045	2,235
Actuarial gain/(loss) in respect of pension schemes	28	20,880	15,003	(29,121)	(11,817)
Gain on revaluation of heritage assets		-	-	-	-
Total comprehensive income for the year		28,014	21,211	(25,076)	(9,582)
Represented by:					
Endowment comprehensive income for the year	22	1,366	1,357	(26)	(145)
Unrestricted comprehensive income for the year		26,648	19,854	(25,050)	(9,437)
Surplus for the year attributable to					
University		7,323	6,208	4,036	2,235
Non-controlling interest		(189)	-	9	-
		7,134	6,208	4,045	2,235
Total comprehensive income for the year attributable to					
University		28,203	21,211	(25,085)	(9,582)
Non-controlling interest		(189)	-	9	-
		28,014	21,211	(25,076)	(9,582)

All items of income and expenditure relate to continuing activities

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES
Consolidated

	Endowment	Unrestricted	Revaluation Reserve	Total Excluding Non-Controlling Interest	Non-Controlling Interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	7,699	42,890	24,502	75,091	-	75,091
Recognised on consolidation of Associate (Note 14)	-	-	(535)	(535)	(535)	(1,070)
Surplus/(deficit) from the income and expenditure statement	(26)	4,062	-	4,036	9	4,045
Other comprehensive income	-	(29,121)	-	(29,121)	-	(29,121)
Total comprehensive income for the year	(26)	(25,060)	(535)	(25,621)	(526)	(26,147)
Balance at 1 August 2020	7,673	17,830	23,967	49,470	(526)	48,945
Surplus/(deficit) from the income and expenditure statement	1,366	5,957	-	7,323	(189)	7,134
Other comprehensive income	-	20,880	-	20,880	-	20,880
Total comprehensive income for the year	1,366	26,837	-	28,203	(189)	28,014
Balance at 1 August 2021	9,039	44,667	23,967	77,673	(715)	76,958

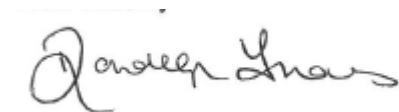
University

	Endowment	Unrestricted	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	7,379	20,873	14,454	42,706
Surplus/(deficit) from the income and expenditure statement	(145)	2380	-	2,235
Other comprehensive income	-	(11,817)	-	(11,817)
Total comprehensive income for the year	(145)	(9,437)	-	(9,582)
Balance at 1 August 2020	7,233	11,437	14,454	33,124
Surplus/(deficit) from the income and expenditure statement	1,357	4,851	-	6,208
Other comprehensive income	-	15,003	-	15,003
Total comprehensive income for the year	1,357	19,854	-	21,211
Balance at 1 August 2021	8,590	31,291	14,454	54,335

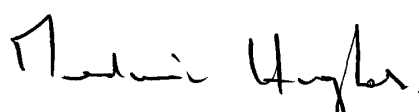
CONSOLIDATED AND UNIVERSITY STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible Fixed assets	11	153,248	106,889	155,749	109,253
Heritage assets	12	6,241	6,205	6,241	6,205
Investment properties	13	4,414	3,264	6,286	4,936
Investments	14	788	-	733	-
		164,691	116,358	169,009	120,394
Current assets					
Stock	16	487	317	547	317
Trade and other receivables	17	26,417	33,690	27,863	31,776
Investments	18	5,875	5,857	4,725	4,710
Cash and cash equivalents		54,856	38,510	27,048	17,250
		87,635	78,374	60,184	54,053
Less: Creditors: amounts falling due within one year	19	(63,545)	(62,478)	(51,795)	(49,919)
Net current assets/(liabilities)		24,090	15,896	8,389	4,134
Total assets less current liabilities		188,781	132,254	177,398	124,528
Creditors: amounts falling due after more than one year	20	(34,677)	(34,306)	(36,540)	(36,115)
Provisions					
Pension provisions	28	(74,536)	(42,502)	(89,232)	(53,946)
Other provisions	21	(2,610)	(1,111)	(2,681)	(1,343)
Net assets		76,958	54,335	48,945	33,124
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	9,039	8,590	7,673	7,233
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		44,667	31,291	17,830	11,437
Revaluation reserve		23,967	14,454	23,967	14,454
		77,673	54,335	49,470	33,124
Non-controlling interest	27	(715)	-	(526)	-
Total Reserves		76,958	54,335	48,945	33,124

The financial statements were approved by the Governing Body on 25th November 2021 and were signed on its behalf on that date by:



The Venerable Randolph Thomas (Chair)



Prof Medwin Hughes (Vice-Chancellor)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus for the year		7,134	4,045
Adjustment for non-cash items			
Depreciation and impairments	11, 12	11,686	7,980
(Gain)/Loss in market value of investments		(811)	393
(Gain)/Loss in investment properties	13	1,872	433
Loss in revaluation of livestock	11	-	29
Decrease/(increase) in stock	16	60	(25)
Decrease/(increase) in debtors	17	1,446	(3,198)
Increase/(decrease) in creditors	19	13,241	7,533
Increase/(decrease) in other provisions	21	(70)	(228)
Pension costs less contributions payable	28	4,980	(1,727)
Tax paid in year		(16)	-
Share of operating (surplus)/deficit in associate & JV	14	-	320
Adjustment for investing or financing activities			
Investment income	6	(1,128)	(281)
Interest payable	8	1,798	1,769
Capital grant income		(8,120)	(2,718)
Profit on the sale of fixed assets		(36)	(69)
Endowment received in the year		-	139
Net cash inflow/(outflow) from operating activities		32,036	14,395
Cash flows from investing activities			
Proceeds from sales of fixed assets		167	4,435
Capital grant receipts		8,120	2,659
Investment income		300	281
New non-current asset investments		-	-
Payments made to acquire fixed assets		(9,318)	(6,145)
		(732)	1,230
Cash flows from financing activities			
Interest element of finance lease rental payment		(79)	(73)
Interest paid		(1,634)	(1,530)
New finance leases		466	-
Loan repayments		(2,000)	-
Net capital element of finance lease rental payments		(249)	(223)
		(3,496)	(1,826)
Increase/(decrease) in cash and cash equivalents in the year		27,808	13,800
Cash and cash equivalents at beginning of the year		27,048	13,248
Cash and cash equivalents at end of the year		54,856	27,048

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

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 include the University and all its subsidiaries for the financial year to 31 July 2021, which include Coleg Sir Gar and Coleg Ceredigion. Intra entity transactions are eliminated fully on consolidation.

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

Associated companies and joint ventures are accounted for using the equity method.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosure required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

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.

The university has recorded a surplus in the year of £7.1 million and a positive cash flow of £27.0 million, these gains build on a surplus of £4.0 million and positive cash inflow of £13.2 million in the prior year. The budget for 2021/2022 targets a surplus of £4.8 million and positive cash inflow of £3.5 million. From this senior management and Council are content that the University is in a position of profitability and cash generation, despite the impacts of Covid-19.

As noted in the financial review the surplus for the year is based on an underlying surplus of £11.7 million, an increase on £10.2 million in the prior year. The improvement in the underlying position is primarily as a result of growth in tuition fee income (12.1%) and disciplined cost control in the year.

The current underlying income level and cost base are felt to be sustainable, with the budget for 2021/2022 showing further growth in income and in its EBITDA performance.

As part of the budget process the University has moved to a position of setting targets for EBITDA at between 10% and 15%, cashflow generation of £10m before capital expenditure and financing activity and a wages to income ratio below 60%. These targets feed into a clear strategic financial plan that builds on the successful new initiatives that have been implemented in the past few years, increasing the surplus on core activities and delivers cash surpluses from operations. The strategic financial plan has 3 key components. These are:

1. Recognising the impact of demographic factors and changing demands on the market and restructuring the delivery cost base as a result. This has already been achieved substantially with a reorganisation and restructuring across the South Wales campuses implemented in the current financial year;

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

2. Acknowledging the needs and demand for more flexible learning models and of those adults not currently in Higher and Further education noted in the Augar review and developing delivery models to address these. The University has established non-traditional Learning Centres in South Wales, London and Birmingham with new delivery models and is growing student numbers considerably in these centres; and

3. Recognising the growing demand of international educational institutions for a presence in the UK higher education market and developing strategic alliances and partnerships to grow student numbers and income in this area.

The University and its subsidiaries prepared five year financial forecasts as part of the 2021/2022 budget process that deliver surpluses and positive cashflow in each year based on the above plans. They have also considered alternative “downside” scenarios if these plans are not realised and the alternative mitigating actions that would be required as a result. The early performance in 2021/2022 is in line with the budget expectations for the period and the University has a number of mitigations and income opportunities that can be actioned should in year recruitment and performance deviate from the budget position.

As part of the going concern assessment the University and subsidiaries have prepared detailed financial forecasts for the period to 31 December 2022. These have been prepared on both “base case” and “downside case with mitigation” scenarios. The downside case reflects the principal financial performance risks to which the University and its subsidiaries are exposed and is believed to be a fair to cautious assessment of these. In both scenarios the University and its subsidiaries have adequate financial resources to sustain operations over the forecast period which covers 12 months from the date of these accounts and beyond, and to meet obligations as they fall due. In addition the banking covenant tests are met at each testing point in the forecast period.

After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the continued impact of COVID-19 (and the move to a post pandemic environment) the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group banking covenants to HSBC are tested at 31 July 2021 and 31 October 2021, will next be tested at 31 January 2022 and then at all subsequent quarters. All covenant tests were passed at the 4 testing points in 2020/2021 and at October 2021 with no issues arising from the testing

The forecasts referred to above demonstrate that the University and its subsidiaries will be compliant with all covenants on both base case and downside with mitigation case scenarios.

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 the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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

Income from accommodation provision is credited to the Consolidated and University Statements of Comprehensive Income over the contracted length of the accommodation. Accommodation contracts are issued on a yearly basis. Bonds held on accommodation are held on the Consolidated and University Balance Sheets and repaid to students at the end of each academic year provided the terms of the accommodation contract have been upheld. Any bond retained by the University is credited to the Consolidated and University Statements of Comprehensive Income at the end of the accommodation period as an income item.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

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

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

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 four main types of donations and endowments within reserves:

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

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

There are five principal pension schemes for the University's staff, one of these schemes the Universities Superannuation Scheme (USS), is open to new members. The other four, Teachers' Pension; two local authority schemes (Swansea and Dyfed) and the University of Wales Lampeter Pension and Assurance Scheme are closed to new members from the University. The local authority schemes for Coleg Sir Gar and Coleg Ceredigion remain open to new member. The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS and Teachers' Pension schemes are 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.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

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.

Multi- Employer Schemes

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme.

Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

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 (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. Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

h. Operating Leases

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

i. 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.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021**j. 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 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 as follows:

Academic buildings	50 years
Residences	30 years
Laboratories and lecture theatres	30 years
Refurbishments	20 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
Motor Vehicles	4 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.

k. Heritage Assets

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

Works of Art are included at costs incurred from 1 April 1981 or subsequent revaluation. The latest revaluation of heritage assets was at 31 July 2014, where certain sections of heritage assets were deemed to have increased in value. A full revaluation review of the Works of Art is planned to coincide with the University's bi-centennial in the year ending 31 July 2022.

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

l. Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated and University Statements of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

The review of the fair value of the investment properties is undertaken by Savills

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

m. 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

n. Stock

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

o. Financial InstrumentsTrade 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

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in income or expenditure.

p. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University a 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.

Note 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2021

q. 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.

r. 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.

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

s. 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.

t. Accounting estimates and judgements – key sources of estimation uncertainty

In preparing the financial statements management have exercised judgment in the following areas

Defined benefit pension scheme assumptions

The University has a number of defined benefit pension schemes. The valuation of the liabilities on each defined benefit scheme is calculated using a financial and demographic model to present a single scenario from a wide range of possibilities. The schemes' actual experience will inevitably differ from the assumptions underlying the financial and demographic model. The differences may be material because the valuation is very sensitive to the assumptions made over a long period of time. Please see note 26 for assumptions used in the valuation of pension assets and liabilities

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Tuition fees and education contracts				
Full-time home and EU students	76,554	72,593	67,650	63,209
Full-time international students	5,079	5,079	4,590	4,575
Part-time students	3,771	3,821	3,600	3,477
Education contracts	1,617	-	1,760	-
	87,021	81,493	77,600	71,261

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Funding body grants				
Recurrent grant				
Higher Education Funding Council	12,671	12,286	4,684	4,605
Welsh Government	39,799	-	34,612	-
Specific grants				
Higher Education Funding Council	-	-	-	-
Welsh Government	6,433	-	5,320	-
	58,903	12,286	44,616	4,605

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Research grants and contracts				
Research councils	291	291	140	140
Research charities	29	29	28	28
Other	297	297	143	143
	617	617	311	311

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Other income				
Residences, catering and conferences	2,415	2,129	4,178	3,266
Other revenue grants	8,668	3,926	11,544	7,601
Other capital grants	8,120	8,120	750	750
Other income generating activities	2,093	2,253	3,973	3,909
Other income	4,906	3,187	6,043	3,103
	26,202	19,615	26,488	18,629

	Year ended 31 July 2021		Year ended 31 July 2019/20	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Investment income				
Investment income on endowments	224	224	161	161
Other investment income	49	27	120	91
Increase in fair value of derivative	855	855	-	-
	1,128	1,106	281	252

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs				
Salaries	61,276	40,141	57,252	36,595
Social security costs	5,820	3,873	5,563	3,687
Movement on USS provision	2,618	2,618	(4,844)	(4,844)
Other pension costs	14,831	8,705	14,033	8,161
Restructuring Costs	155	109	298	298
	84,700	55,445	72,302	43,898

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Emoluments of the Vice-Chancellor		
Salary	233	232
Monetary value of benefits: Health Insurance	3	3
Monetary value of benefits: Accommodation	11	11
	247	246
Pension contributions to USS	52	52
	299	298

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to the relevant HEFCW accounts direction) all shown before any salary sacrifice:

	Year ended 31 July 2021 No.	Year ended 31 July 2020 No.
£100,000 to £104,999	-	-
£105,000 to £109,999	2	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	-	1
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	1
£145,000 to £149,999	1	1
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	1	-
£165,000 to £169,999	-	-
£170,000 to £174,999	1	-
	5	3

One member of staff received payments in the year in addition to their annual salary as compensation for additional hours worked in prior years. This resulted in a total salary between £170,000 and £174,999 being paid. Without these payments they would be reported in the £145,000 to £149,999 banding

There was no compensation payable to higher paid staff in the year (2020: £nil)

NOTES TO THE ACCOUNTS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes pension contributions and compensation paid to key management personnel. Remuneration consists of salary and benefits including any employer's pension contributions.

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Key management personnel remuneration	1,049	1,313
	No.	No.
Key management personnel	8	9

UCEA was not able to offer an uplift in pay for staff in 2020-21 given the uncertainty facing the sector at that time, apart from addressing issues in relation to the National Living Wage. Where eligible, staff were awarded progression pay increases in the usual manner. In recognition of the uncertainty and wider context, no changes were made to the salaries of the University's senior team, including the Vice-Chancellor, in 2020/21

7 Staff costs (continued)

	Year ended 31 July 2020	Year ended 31 July 2019
	No.	No.
Average staff numbers by:		
Academic departments	698	694
Non-academic departments	960	933
	1,658	1,627

The above staff costs for key management personnel do not include the cost of key management that are employed by the University of Wales, but working across both institutions. These costs totalling £55k (2020: £55k) are included in other operating expenses as they are recharged by invoice from the University of Wales.

Restructuring Costs

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

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Paid to employees on termination of employment	155	109	298	298

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 1.

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

No Council member has received any remuneration/waived payments from the group during the year (2020 - £nil).

The total expenses paid to or on behalf of 23 council members was £9K (2020: £9K to 23 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity

NOTES TO THE ACCOUNTS

7 Staff costs (continued)

Vice-Chancellor Remuneration Statement

The ratio of the salary of the Vice Chancellor compared to the median average of the University is 6.48:1 and the ratio of the total remuneration of the Vice Chancellor compared to the median average of the University is 6.87:1

The Remuneration Committee noted the Vice Chancellor's current salary was among the lowest in the HEFCW comparator group.

The Vice Chancellor is also Vice Chancellor of the University of Wales. 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 St David, The University of Wales, Coleg Sir Gar and Coleg Ceredigion. Within UWTSD, there has been an expansion of responsibility in Birmingham and London. In recognition of the financial context of the University and the restructuring programme, no change to the Vice Chancellor's salary was made for 2019/2020. 100% of the Vice Chancellor's emoluments are disclosed in these accounts and do not take into account any recharge to the University of Wales

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

The Remuneration Committee is responsible for reviewing and determining on an annual basis the salaries, terms and conditions and, where appropriate the severance conditions of the above senior post-holders. The terms of reference are published on the University website ensuring these are available to staff, students and all stakeholders in an open and transparent manner: <https://www.uwtsd.ac.uk/media/uwtsd-website/content-assets/documents/governance/Committee-Terms-of-Reference-202021-FINAL>. 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 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs				
Finance leases	79	36	73	28
Loan interest	1,607	1,607	1,636	1,636
Net charge on pension schemes	1,249	698	1,203	780
Decrease in fair value of derivative	-	-	480	480
Other	190	179	132	132
	3,125	2,520	3,524	3,056

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of other operating expenses by activity				
Academic and related expenditure	32,205	19,667	26,353	12,584
Administration and central services	17,964	11,416	20,008	15,089
Premises	10,660	7,675	6,931	5,038
Residences, catering and conferences	1,184	838	1,679	1,098
Other expenses	4,142	2,046	5,387	1,479
	66,155	41,642	60,358	35,288

Other operating expenses include:

External auditor's remuneration in respect of audit services:

These financial statements	82	82	67	67
Other group financial statements	89	-	72	-

External auditor's remuneration in respect of non-audit services

Audit related assurance services	67	62	22	17
Tax compliance services	-	-	-	-
Tax advisory services	22	22	9	9
Operating lease rentals	2,190	2,008	1,924	1,889

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Taxation				
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	12	-	-	-
Prior year adjustment	34	-	8	-
Current tax expense	46	-	8	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	46	-	8	-

NOTES TO THE ACCOUNTS

10 Taxation (continued)**Factors affecting the total tax charge for the current period**

The tax assessed for the period relates to Eclectica Drindod Limited, , UWTSD Investments and Y Ganolfan Dysgu Cymraeg Genedlaethol and is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained as follows:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
(Deficit)/Surplus before tax	7,134	6,208	(422)	2,235
Amounts not subject to tax	(7,069)	(6,208)	359	(2,235)
Taxable Profits	65	-	(63)	-
Tax at 19% (2020: 19%)	12	-	-	-
Effects of:				
Prior year adjustment	34	-	8	-
Total tax charged in the year	46	-	8	-

The UK Corporation tax rate reduced from 20% to 19% on 1st April 2017. A further reduction to 17% (effective 1st April 2020) was substantially enacted on 6th September 2016. This will reduce any current tax charges in future periods accordingly.

NOTES TO THE ACCOUNTS

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
11 Tangible fixed assets							
Consolidated							
Cost or valuation							
At 1 August 2020	193,449	3,112	18,532	47,844	285	295	263,517
Additions in the year	863	3,718	-	4,646	14	77	9,318
Transfers	3,094	(3,094)	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposals	(48)	-	-	(31,710)	(131)	-	(31,889)
At 31 July 2021	197,358	3,736	18,532	20,780	168	372	240,946
Accumulated depreciation							
At 1 August 2020	59,888	-	4,025	43,589	268	-	107,770
Charge for the year	4,245	-	365	3,859	11	-	8,480
Impairment	3,094	-	-	112	-	-	3,206
Disposals	(16)	-	-	(31,611)	(131)	-	(31,758)
At 31 July 2021	67,211	-	4,390	15,949	148	-	87,698
Net book value							
At 31 July 2021	130,147	3,736	14,142	4,831	20	372	153,248
At 31 July 2020	133,561	3,112	14,507	4,257	17	295	155,749

Land and buildings owned by Coleg Sir Gar were revalued in 1998 at depreciated replacement cost by Cooke & Arkwright, a firm of independent chartered surveyors. On adoption of FRS 102, revalued properties have been treated as deemed cost. The analysis of cost or valuation of the tangible fixed assets as at 31 July 2021 is as follows:

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
Valuation in 1998	19,716	-	-	-	-	295	20,011
Cost	177,641	3,736	18,532	20,781	168	77	220,935
	197,357	3,736	18,532	20,781	168	372	240,946

NOTES TO THE ACCOUNTS

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Equipment, fixtures and fittings	Motor vehicles	Livestock	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
11 Tangible fixed assets (continued)							
University							
Cost or valuation							
At 1 August 2020	125,412	2,607	18,532	33,317	286	-	180,154
Additions in the year	319	3,718	-	2,148	14	-	6,199
- Transfers	3,094	(3,094)	-	-	-	-	-
Disposals	(48)	-	-	(28,844)	(131)	-	(29,023)
At 31 July 2021	128,777	3,232	18,532	6,621	169	-	157,330
Net book value							
At 1 August 2020	35,140	-	4,025	31,468	268	-	70,901
Charge for the year	2,776	-	365	2,074	11	-	5,226
Impairment	3,094	-	-	112	-	-	3,206
Disposals	(16)	-	-	(28,745)	(131)	-	(28,892)
At 31 July 2021	40,994	-	4,390	4,909	148	-	50,441
Net book value							
At 31 July 2021	87,783	3,232	14,142	1,712	21	-	106,889
At 31 July 2020	90,272	2,608	14,507	1,849	18	-	109,253

12 Heritage assets**Consolidated and University**

The heritage assets include a collection of rare manuscripts, tracts, incunabula and printed books. The assets were formally revalued at 31st July 2014 by Bernard Quaritch Ltd, resulting in an increase in value of £250k.

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

The University's heritage assets are hosted in a specialist purpose built annexe to the library on the Lampeter Campus and are managed by 2 specialist, qualified members of staff. Where the assets require any preservation or conservation work, this is carried out by the National Library of Wales

There have been no acquisitions or disposals of heritage assets within the last five years.

Details of the University's collection is available on the University's website <https://uwtsd.ac.uk/rbla/a-z-list-of-collections/>

	Freehold Property	
	Consolidated £'000	University £'000
13 Investment properties		
Balance at 1 August 2020	6,286	4,936
Additions	-	-
Revaluation	(1,872)	(1,672)
Balance at 31 July 2021	4,414	3,264

The Investment properties are valued by an independent RICS registered valuer on an annual basis with the latest valuation being dated 31st July 2021. The valuation basis for the investment properties is at fair value as defined under IFRS with an assumption that the properties selling value is subject to any existing leases. The revaluation amount recognised in 2021 relates to revaluing the investment properties to fair value in line with a valuation prepared by Savilles.

The University has no restriction of use on the income generated from the investment properties and at 31 July 2021 has no contractual obligations for future development or maintenance of the properties.

NOTES TO THE ACCOUNTS

	Interest in Joint Venture (Note 15) £'000	Other fixed asset investments £'000	Total £'000
14 Non-current investments			
Consolidated			
At 1 August 2020	721	265	986
Additions	-	38	38
Disposals	-	-	-
At 31 July 2021	721	303	1,024
Share of post-acquisition reserves			
At 1 August 2020	(253)	-	(253)
Retained profit less losses	17	-	17
At 31 July 2021	(236)	-	(236)
Balance at 31 July 2021	485	303	788
Balance at 31 July 2020	468	265	733

	Investment in Subsidiary £'000	Total £'000
University		
At 1 August 2020	-	-
Additions	385	385
Disposals	-	-
Impairment	(385)	(385)
At 31 July 2021	-	-

15 Investment in joint venture

One of the University's subsidiaries, UWTSD Investments Limited, holds a 50% share of OSTC TSD LLP, a limited liability partnership. This is a joint venture owned equally by UWTSD Investments Limited and OSTC, a Commercial Company. The investment in OSTC TSD LLP is partly in share capital (£300,000 (2020: £300,000)) and partly as an unsecured loan, repayable on demand, with an interest rate of 4% over base rate (£420,978 (20: £420,978)). The increase is way of accrued interest earned in the period of £17,268).

The arrangement is treated as a joint venture and is accounted for using the equity method, such that the investment is initially recorded at cost and is subsequently adjusted to reflect the University's 50% share of the net profit or loss of the joint venture. The Group's share of the operating loss of the joint venture within the joint venture's most recent financial statements (dated 31 December 2020) is £nil (2020: £nil). The Group's interest in the joint venture is £485,268 (2020: £468,000), consisting of the loan as disclosed above, plus capital investment in its consolidated balance sheet.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Stock				
Finished goods	476	317	518	302
Livestock for resale	11	-	29	15
	487	317	547	317

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Trade and other receivables				
Amounts falling due within one year:				
Trade debtors	20,326	19,985	18,600	17,989
Prepayments and accrued income	6,091	3,199	9,263	4,081
Amounts due from subsidiary companies	-	10,506	-	9,706
	26,417	33,690	27,863	31,776

The amounts due from subsidiaries are an aggregate of trading balances that are interest free and repayable on demand. The University has provided letters of support to its subsidiary companies in which it confirms that the debtor balances will not be called in during a period of 12 months from the Statement of Financial Position date.

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
18 Investments				
Short term investment in shares	5,860	5,857	4,710	4,710
Short term deposits	15	-	15	-
	5,875	5,857	4,725	4,710

The University follows a conservative investment policy with an emphasis on obtaining an increase in the real capital value of each fund within the portfolio each year, a target of 5% real growth is expected, with 3.5% being income growth and 1.5% being capital growth.

The investments are held within the University and consolidated endowment funds. The movement in fair value on these investments is detailed in Note 21.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
19 Creditors: amounts falling due within one year				
Amounts due on land purchase	2,880	2,880	2,907	2,907
Secured loans (note 20)	2,274	2,274	2,110	2,110
Unsecured loans (note 20)	-	-	2,955	2,956
Obligations under finance leases (note 20)	590	311	846	578
Trade creditors	8,960	7,285	3,938	2,556
Social security and other taxation payable	1,672	1,249	1,648	1,182
Accruals and deferred income	46,271	37,576	35,664	26,342
Amounts due to subsidiary companies	-	10,005	-	9,561
Derivatives	898	898	1,727	1,727
	63,545	62,478	51,795	49,919

The amounts due to subsidiaries are an aggregate of trading balances that are interest free and repayable on demand.

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Funding Body Grants	2,847	2,847	682	682
Other Grant Income	4,064	2,881	3,337	2,431
Student Income	16,214	16,214	12,360	12,360
Other Income	2,891	2,834	2,976	2,902
	26,016	24,776	19,355	18,375

The amount due on the land purchase is an amount due to Welsh Government that is payable on the completion of sale of the land to a third party. This creditor arose as a deferred payment on the initial purchase of the land. Both the completion of the land sale and subsequent payment to Welsh Government have been delayed due to Covid-19 related issues and are due to be completed in 2021/22.

The derivatives relate to an interest rate swap contract which is used to fix the rate of the University's loan at 1.435% plus bank lending margin. This is held at fair value and has been valued using mark to market.

The university held an unsecured loan from Carmarthenshire County Council at 31st July 2020 representing an advance on cash receipts in relation to the final award of outstanding City Deal grant funding (£3million). During the year the grant income was confirmed. The loan was repaid to Carmarthenshire County Council in March 2021 with the grant income awarded being recognised in its place

The secured loan consists of a capital amount of £2 million and accrued interest of £274k. A capital payment of £500k was due on the 1st August 2021 with subsequent £500k repayments being due 1st November 2021 on 1st February 2022 and 1st April 2022.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
20 Creditors: amounts falling due after more than one year				
Obligations under finance leases	677	306	402	115
Secured loans	34,000	34,000	36,000	36,000
Unsecured loans	-	-	138	-
	34,677	34,306	36,540	36,115

The unsecured loan is held in UW Centre for Advanced Batch Manufacture and is due to University of Wales

Analysis of obligations under finance leases

Due within one year (note 18)	590	311	846	578
Due between two and five years	677	306	402	115
Total obligations under finance leases	1,267	617	1,248	693

Analysis of unsecured loans:

Due within one year or on demand (note 18)	-	-	2,955	2,955
Due between one and two years	-	-	-	-
Due between two and five years	-	-	-	-
Due in five years or more	-	-	138	-
Total unsecured loans	-	-	3,093	2,955

Analysis of secured loans:

Due within one year or on demand (note 18)	2,274	2,274	2,110	2,110
Due between one and two years	2,000	2,000	2,000	2,000
Due between two and five years	32,000	32,000	34,000	34,000
Due in five years or more	-	-	-	-
Total secured loans	36,274	36,274	38,110	38,110

The borrowing at 31 July 2021 and 31 July 2020 consisted of

Lender	Instrument	Amount £'000	Term	Interest Rate %	Borrower
HSBC	Term loan	38,000	To 2024	3.785%	University
	Other	Pension enhancements on termination	Pension scheme rectification	Total provisions	
	£'000	£'000	£'000	£'000	
21 Provision for liabilities					
Consolidated					
At 1 August 2020	219	2,424	38	2,681	
Utilised in year	-	(323)	-	(323)	
Additions in year	229	23	-	252	
At 31 July 2021	448	2,124	38	2,610	

The other provision of £229K relates to a potential repayment of European Funds (ESF) in relation to one of the subsidiaries' overhead recovery methodology.

The pension enhancements provision relates to staff in both the University and its subsidiaries who have already left employment and commitments for reorganisation costs at the balance sheet date. The provision has been recalculated in accordance with the latest LSC circular.

The Pension rectification provision is a potential liability on the University's in-house pension scheme.

NOTES TO THE ACCOUNTS

	Pension enhancements on termination £'000	Pension scheme rectification £'000	Total provisions £'000
Provision for liabilities			
University			
At 1 August 2019	1,305	38	1,343
Utilised in year	(232)	-	(232)
Additions in year	-	-	-
At 31 July 2020	1,073	38	1,111

The pension enhancements and the pension rectification provisions are as previously stated

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	Restricted expendable endowment £'000	2021 Total £'000	2020 Total £'000
22 Endowment funds					
Consolidated					
Restricted net assets relating to endowments are as follows:					
Balance at 1 August					
Capital	1,157	4,232	20	5,409	5,676
Accumulated income	41	2,223	-	2,264	2,023
	1,198	6,455	20	7,673	7,699
New endowments	-	-	-	-	139
Investment income	-	224	-	224	261
Expenditure	-	(22)	-	(22)	(19)
Increase/(decrease) in market value of investments	4	1,155	5	1,164	(407)
Total endowment comprehensive income for the year	4	1,357	5	1,366	(26)
Balance at 31 July	1,202	7,812	25	9,039	7,673
Represented by:					
Capital	1,157	5,387	25	6,569	5,409
Accumulated income	45	2,425	-	2,470	2,264
	1,202	7,812	25	9,039	7,673
Analysis by type of purpose:					
Lectureships	-	4,146	-	4,146	3,331
Fellowships, scholarships and prize funds	23	1,830	25	1,878	1,575
General	1,179	1,836	-	3,015	2,767
	1,202	7,812	25	9,039	7,673
Analysis by asset					
Investments	25	5,832	25	5,882	4,730
Cash	1,177	2,072	-	3,249	3,035
Creditors	-	(92)	-	(92)	(92)
	1,202	7,812	25	9,039	7,673

NOTES TO THE ACCOUNTS

	Unrestricted permanent endowment £'000	Restricted permanent endowment £'000	2021 Total £'000	2020 Total £'000
22 Endowment funds (continued)				
University				
Restricted net assets relating to endowments are as follows:				
Balance at 1 August				
Capital	1,027	3,986	5,013	5,400
Accumulated income	2	2,218	2,220	1,979
	1,029	6,204	7,233	7,379
New endowments	-	-	-	20
Investment income	-	224	2,244	261
Expenditure	-	(22)	(21)	(20)
Increase/(decrease) in market value of investments	-	1,155	1,155	(407)
Total endowment comprehensive income for the year	-	1,357	1,277	(145)
Balance at 31 July	1,029	7,561	8,590	7,233
Represented by:				
Capital	1,027	5,141	6,168	5,013
Accumulated income	2	2,420	2,422	2,220
	1,029	7,561	8,590	7,233
Analysis by type of purpose:				
Lectureships	-	4,146	4,146	3,331
Fellowships, scholarships and prize funds	-	1,794	1,794	1,495
General	1,029	1,621	2,650	2,407
	1,029	7,561	8,590	7,233
Analysis by asset				
Investments	25	5,831	5,856	4,709
Cash	1,004	1,822	2,826	2,616
Creditors	-	(92)	(92)	(92)
	1,029	7,561	8,590	7,233
23 Capital and other commitments				
Provision has not been made for the following capital commitments at 31 July 2021				
Commitments contracted for	-	-	3,629	3,629
Commitments authorised	-	-	-	-
	-	-	3,629	3,629

Year ended 31 July 2021		Year ended 31 July 2020	
Consolidated £'000	University £'000	Consolidated £'000	University £'000

NOTES TO THE ACCOUNTS

	Land and buildings £'000	At 31 July 2021 Other leases £'000	Total £'000	At 31 July 2020 Total £'000
24 Lease obligations				
Consolidated				
Total rentals payable under operating leases:				
Payable during the year	2,009	181	2,190	2,086
Future minimum lease payments due:				
Not later than 1 year	1,994	92	2,086	1,961
Later than 1 year and not later 5 years	3,779	150	3,929	3,870
Greater than 5 years	1,858	-	1,858	2,984
Total lease payments due	9,640	423	10,063	8,815
University				
Total rentals payable under operating leases:				
Payable during the year	1,974	34	2,008	1,899
Future minimum lease payments due:				
Not later than 1 year	1,964	33	1,997	1,866
Later than 1 year and not later 5 years	3,763	47	3,810	3,764
Greater than 5 years	1,858	-	1,858	2,984
Total lease payments due	9,559	114	9,673	8,614
25 Subsidiary undertakings				
Company	Principal Activity	Status		
Eclectica Drindod Limited	Deliver third mission activity	TUC sole member		
Trinity College	Hold endowment assets	TUC sole trustee		
Trinity University College (TUC)	Dormant	UWTSD sole member		
UWTSD Investments Limited	Commercial activities	100% owned		
Y Ganolfan Dysgu Cymraeg	Delivery of Welsh for Adults	UWTSD sole member		
Genedlaethol	programme			
UWTSD Learning Centres Limited	Dormant	100% owned		
Mentrau Creadigol Cymru	Operation of Yr Egin activities	100% owned		
Tidal Lagoon Academy Ltd	Dormant	100% owned		
Welsh American Academy Enterprises Limited	Dormant	100% owned		
Inspire (UWTSD) Limited	Dormant	100% owned		
Swansea Business School Limited	Dormant	100% owned		
Isustain (UWTSD) Limited	Dormant	100% owned		
Coleg Sir Gar	Further education	100% owned		
Coleg Ceredigion	Further education	100% owned		
UW Centre for Advance Batch	Commercial and research activities	51% owned		
Manufacture Limited				

NOTES TO THE ACCOUNTS

26 Related Parties

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 is deemed a related party in that it has key management personnel in common with the University

Balances: Receivables £2,433 (2020: £39,433), Payables £419,562 (2020: £nil)

Total income £17 (2020: £750), Total expenditure £115,087 (2020: £129,225)

University of Wales Press is a wholly owned subsidiary of the University of Wales

Balances: Receivables £nil (2020: £nil), Payables £nil (2020: £3,000)

Total income £nil (2020: £nil), Total expenditure £1,580 (2020: £3,000)

OSTC Trinity St David LLP is deemed a related party in that the UWTSD Investments Limited (a wholly owned subsidiary of the University) is a partner in it and has significant influence over it. The balance below represents an unsecured loan, for which more details are provided in note 14

Balances: Receivables £438,246 (2020: £420,978), Payables £nil (2020: £nil)

Total income £17,268 (2020: £nil), Total expenditure £nil (2020: £nil)

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 7

NOTES TO THE ACCOUNTS

27 Pension schemes

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

The total pension costs included in the consolidated accounts are:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Staff costs				
TPS contributions				
University of Wales: Trinity Saint David	1,276	1,276	1,327	1,327
Coleg Sir Gar	2,097	-	2,049	-
Coleg Ceredigion	429	-	371	-
USS contributions				
University of Wales: Trinity Saint David	5,125	5,125	4,613	4,613
Local Government contributions				
University of Wales Trinity Saint David	1,970	1,970	1,868	1,868
Coleg Sir Gar	1,310	-	1,221	-
Coleg Ceredigion	215	-	207	-
In House Scheme				
University of Wales Trinity Saint David	334	334	353	353
FRS102 adjustment				
University of Wales Trinity Saint David				
Movement on USS provision	2,618	2,618	(4,844)	(4,844)
Coleg Sir Gar	2,220	-	1,555	-
Coleg Ceredigion	405	-	339	-
Restructuring Provision				
University of Wales Trinity Saint David	-	-	-	-
Coleg Sir Gar	45	-	118	-
Coleg Ceredigion	24	-	12	-
Total Pension costs per note 7	18,068	11,323	9,189	3,317
Interest Costs				
Local Government – University	526	526	453	453
Local Government – Coleg Sir Gar	470	-	368	-
Local Government – Coleg Ceredigion	81	-	55	-
In House Scheme – University	96	96	86	86
USS – University	76	76	241	241
Total Pension interest cost per note 7	1,249	698	1,203	780

NOTES TO THE ACCOUNTS

27 Pension schemes (continued)

The pension liability disclosed in the balance sheet is summarised as follows:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
In House Scheme				
University of Wales: Trinity Saint David	3,329	3,329	6,511	6,511
USS Pension Scheme				
University of Wales: Trinity Saint David	13,166	13,166	10,471	10,471
Local Government Schemes				
University of Wales: Trinity Saint David	14,510	14,510	23,230	23,230
University of Wales: Trinity Saint David	11,497	11,497	13,734	13,734
Coleg Sir Gar	27,681	-	30,087	-
Coleg Ceredigion	4,353	-	5,199	-
Liability at 31 July	74,536	42,502	89,232	53,946

LGPS**Dyfed Scheme**

Certain employees are members of the Dyfed Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary.

A full actuarial valuation of the scheme was carried out as at 31 March 2019 by a qualified independent actuary. The major assumptions used by the actuary were:

	2019 Valuation	2016 Valuation
	%	%
Rate of increase in pensionable pay	3.9	3.7
Rate of increase in pensions in payment	2.4	2.2
Discount rate		
- in service	4.1	4.4
- left service	4.1	4.4
Inflation assumptions	2.4	2.2

The valuation states that the market value of the assets held at the valuation date amounted to £2,576 million and the present value of the scheme liabilities was £2,444 million. Representing a funding level of 105% and a surplus of £1,322 million.

The employer contribution rate was 19.4% to March 2021 and 22% from April 2021

NOTES TO THE ACCOUNTS

LGPS (continued)**Dyfed Scheme (continued)****FRS102 disclosure**

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2019 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2021. The projected unit method was used

	2021	2020	2019
	%	%	%
Rate of increase in salaries	4.1	3.8	3.7
Rate of increase in pensions	2.7	2.4	2.3
Discount rate	1.6	1.6	2.2
Rate of inflation	2.6	2.3	2.2

The mortality assumptions are based on the recent actual mortality experience of members in the Fund and allow for future expected mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below

	2021	2020	2019
Males			
Future lifetime from age 65 (currently aged 65)	23.1	23.0	23.0
Future lifetime from age 65 (currently aged 45)	24.7	24.5	25.7
Females			
Future lifetime from age 65 (currently aged 65)	25.0	24.9	25.2
Future lifetime from age 65 (currently aged 45)	27.2	27.1	28.1

	Split at 31 July 2021	Split at 31 July 2020	Split at 31 July 2019
	%	%	%
Split of scheme assets			
Equities	75.0	71.7	71.4
Government Bonds	1.8	4.4	4.8
Other Bonds	8.2	9.6	10.2
Property	10.4	11.9	12.3
Cash/liquidity	4.6	2.4	1.3
	100	100	100

LGPS Dyfed Scheme – University of Wales: Trinity Saint David

The following amounts at 31 July 2021, 31 July 2020 and at 31 July 2019 were measured in accordance with the requirements of FRS102

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Fair value of assets	27,685	22,760	23,808
Present value of scheme liabilities	(39,182)	(36,494)	(31,468)
Deficit in the scheme	(11,497)	(13,734)	(7,660)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Analysis of amount charged in Statement of Comprehensive Income			
Current service cost	(895)	(836)	(666)
Past service cost	-	(36)	(382)
Administration expenses	(8)	(9)	(14)
Curtailment	-	-	(67)
Total operating charge	(903)	(881)	(1,129)

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – University of Wales: Trinity Saint David (continued)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of finance income and charges			
Expected return on assets	364	524	-
Interest on pension liabilities	(580)	(687)	(84)
Net finance cost	(216)	(163)	(84)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Amount recognised in other comprehensive income			
Difference between actual and expected return on scheme assets	4,563	(1,599)	713
Effects of changes in assumptions underlying the present value of scheme liabilities	(1,669)	(3,912)	(4,508)
	2,894	(5,511)	(3,795)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Movement in scheme at beginning of the year			
Deficit in scheme at beginning of the year	(13,734)	(7,660)	(3,164)
Current service cost	(903)	(881)	(1,129)
Contributions paid by the employer	462	481	512
Net finance cost	(216)	(163)	(84)
Actuarial gain/(loss)	2,894	(5,511)	(3,795)
Deficit in scheme at the end of the year	(11,497)	(13,734)	(7,660)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of the movement in the present value of the scheme liabilities			
At 1 August	(36,494)	(31,468)	(25,536)
Current service cost	(895)	(836)	(666)
Past service cost	-	(36)	(382)
Interest cost	(580)	(687)	(734)
Member contributions	(140)	(147)	(157)
Actuarial gain/(losses)	(1,669)	(3,912)	(4,508)
Curtailment	-	-	(67)
Benefits paid	596	592	582
At 31 July	(39,182)	(36,494)	(31,468)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of the movement in the present value of the scheme assets			
At 1 August	22,760	23,808	22,372
Expected rate of return on scheme assets	364	524	650
Re measurement gains on assets	4,563	(1,599)	713
Administration expenses	(8)	(9)	(14)
Employer contributions	462	481	512
Members contributions	140	147	157
Benefits paid	(596)	(592)	(582)
At 31 July	27,685	22,760	23,808

At 31 March 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year end. The impact of this change is expected to have resulted in a £3.4m increase in the Fund's liabilities since the prior year end

NOTES TO THE ACCOUNTS**LGPS Dyfed Scheme – Coleg Sir Gar**

The following amounts at 31 July 2021, 31 July 2020 and at 31 July 2019 were measured in accordance with the requirements of FRS102

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Fair value of assets	54,821	45,194	45,193
Present value of scheme liabilities	(82,502)	(75,281)	(62,626)
Deficit in the scheme	(27,681)	(30,087)	(17,433)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of amount charged in Statement of Comprehensive Income			
Current service cost	(3,090)	(2,648)	(1,979)
Past service cost	-	-	-
Administration expenses	(28)	(27)	(40)
Curtailment	-	(160)	(543)
Total operating charge	(3,118)	(2,835)	(2,562)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of finance income and charges			
Expected return on assets	729	1,003	1,227
Interest on pension liabilities	(1,199)	(1,371)	(1,439)
Net finance cost	(470)	(368)	(212)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Amount recognised in other comprehensive income			
Difference between actual and expected return on scheme assets	8,175	(1,753)	1,346
Effects of changes in assumptions underlying the present value of scheme liabilities	(3,549)	(8,978)	(9,345)
	4,626	(10,731)	(7,999)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Movement in scheme at beginning of the year			
Deficit in scheme at beginning of the year	(30,087)	(17,433)	(7,918)
Operating cost	(3,118)	(2,835)	(2,562)
Contributions paid by the employer	1,368	1,280	1,258
Net finance cost	(470)	(368)	(212)
Actuarial gain/(loss)	4,626	(10,731)	(7,999)
Deficit in scheme at the end of the year	(27,681)	(30,087)	(17,433)

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Sir Gar (continued)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities			
At 1 August	(75,281)	(62,626)	(49,900)
Current service cost	(3,090)	(2,648)	(1,979)
Past service cost	-	-	-
Interest cost	(1,199)	(1,371)	(1,439)
Member contributions	(446)	(429)	(416)
Actuarial gain/(losses)	(3,549)	(8,978)	(9,345)
Curtailment	-	(160)	(543)
Benefits paid	1,063	931	996
At 31 July	(82,502)	(75,281)	(62,626)
Analysis of the movement in the present value of the scheme assets			
At 1 August	45,194	45,193	41,981
Expected rate of return on scheme assets	729	1,003	1,227
Re measurement gains on assets	8,175	(1,753)	1,346
Administration expenses	(28)	(27)	(40)
Employer contributions	1,368	1,280	1,258
Members contributions	446	429	416
Benefits paid	(1,063)	(931)	(995)
At 31 July	54,821	45,194	45,193

NOTES TO THE ACCOUNTS**LGPS Dyfed Scheme – Coleg Ceredigion**

The following amounts at 31 July 2021, 31 July 2020 and at 31 July 2019 were measured in accordance with the requirements of FRS102

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Fair value of assets	12,504	10,464	11,105
Present value of scheme liabilities	(16,857)	(15,663)	(13,805)
Deficit in the scheme	(4,353)	(5,199)	(2,700)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of amount charged in Statement of Comprehensive Income			
Current service cost	(536)	(477)	(406)
Past service cost	-	-	-
Administration expenses	(5)	(63)	(106)
Curtailment	-	-	(171)
Total operating charge	(541)	(540)	(683)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of finance income and charges			
Expected return on assets	167	230	304
Interest on pension liabilities	(248)	(285)	(323)
Net finance cost	(81)	(55)	(19)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Amount recognised in other comprehensive income			
Difference between actual and expected return on scheme assets	167	230	334
Effects of changes in assumptions underlying the present value of scheme liabilities	1,084	(2,335)	(1,819)
	1,251	(2,105)	(1,485)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Movement in scheme at beginning of the year			
Deficit in scheme at beginning of the year	(5,199)	(2,700)	(730)
Operating cost	(541)	(540)	(683)
Contributions paid by the employer	217	201	217
Net finance cost	(81)	(55)	(19)
Actuarial gain/(loss)	1,251	(2,105)	(1,485)
Deficit in scheme at the end of the year	(4,353)	(5,199)	(2,700)

NOTES TO THE ACCOUNTS

LGPS Dyfed Scheme – Coleg Ceredigion (continued)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities			
At 1 August	(15,663)	(13,805)	(11,222)
Current service cost	(536)	(477)	(406)
Past service cost	-	(58)	(269)
Interest cost	(248)	(285)	(323)
Member contributions	(75)	(73)	(80)
Actuarial gain/(losses)	(627)	(1,590)	(1,819)
Curtailment	-	-	-
Benefits paid	292	625	314
At 31 July	(16,857)	(15,663)	(13,805)
Analysis of the movement in the present value of the scheme assets			
At 1 August	10,464	11,105	10,492
Expected rate of return on scheme assets	167	230	304
Re measurement gains on assets	1,878	(515)	334
Administration expenses	(5)	(5)	(8)
Employer contributions	217	201	217
Members contributions	75	73	80
Benefits paid	(292)	(625)	(314)
At 31 July	12,504	10,464	11,105

NOTES TO THE ACCOUNTS

LGPS**Swansea Scheme**

Certain employees are members of the City and County of Swansea Local Government Pension Scheme (LGPS). The University and employees contribute to the LGPS, which is a defined benefit scheme, and based on members final pensionable salary. The latest actuarial valuation was undertaken at 31 March 2019 by independent actuaries.

The actuarial valuation of the scheme is based on the projected unit method and the principal assumptions made by the actuaries were:

	2019 Valuation	2016 Valuation
	%	%
Rate of increase in pensionable pay	3.6	3.5
Rate of increase in pensions in payment	2.1	2.0
Discount rate:		
- in service	4.25	4.6
- left service	1.6	4.6
Inflation assumptions	2.1	2.0

The valuation states that the market value of the assets held at the valuation date amounted to £2,044 million and the present value of the scheme liabilities was £2,103 million. Representing a funding level of 98% and a deficit of £59 million.

The employer contribution rate is 37.1% plus £533,400, rising to 37.1% and £640,800 in 2022

FRS102 disclosure

In accordance with the requirements of Financial Reporting Standard 102, independent qualified actuaries have updated the results of the March 2019 valuation in order to ascertain the assets and liabilities of the fund which relate to the University at 31 July 2021. The projected unit method was used.

	2021	2020	2019
	%	%	%
Rate of increase in salaries	4.1	3.8	3.7
Rate of increase in pensions	2.6	2.3	2.2
Discount rate	1.7	1.4	2.1
Rate of inflation	2.6	2.3	2.2

The mortality assumptions are based on the recent actual mortality experience of members in the Fund and allow for future expected mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below:

	2021	2020	2019
Males			
Future lifetime from age 65 (currently aged 65)	22.3	22.2	23.0
Future lifetime from age 65 (currently aged 45)	23.3	23.2	24.7
Females			
Future lifetime from age 65 (currently aged 65)	24.3	24.2	24.6
Future lifetime from age 65 (currently aged 45)	25.8	25.7	26.4

NOTES TO THE ACCOUNTS

LGPS Swansea Scheme – University of Wales: Trinity Saint David (continued)

	Split at 31 July 2021 %	Split at 31 July 2020 %	Split at 31 July 2019 %
Split of scheme assets			
Equities	78.4	74.8	77.4
Government Bonds	3.9	5.3	10.6
Other Bonds	7.1	1.0	0.8
Property	3.7	5.0	4.4
Cash/liquidity	1.7	2.2	3.2
Other*	5.2	11.7	3.6
	100	100	100

*Other holdings include hedge funds, currency holdings, asset allocation futures and other. The actuary has assumed this year that these will get a return in line with equities.

The following amounts at 31 July 2021, 31 July 2020 and at 31 July 2019 were measured in accordance with the requirements of FRS102

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Fair value of assets	45,200	35,790	36,150
Present value of scheme liabilities	(59,710)	(59,020)	(50,920)
Deficit in the scheme	(14,510)	(23,230)	(14,770)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of amount charged in Statement of Comprehensive Income			
Current service cost	1,510	(1,270)	(1,060)
Past service cost	-	(170)	(500)
Administration expenses	-	-	-
Curtailment	-	-	-
Total operating charge	1,510	(1,440)	(1,560)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of finance income and charges			
Expected return on assets	510	770	-
Interest on pension liabilities	(200)	(1,060)	(220)
Net finance cost	310	(290)	(220)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Amount recognised in other comprehensive income			
Difference between actual and expected return on scheme assets	8,220	(1,780)	1,290
Effects of changes in assumptions underlying the present value of scheme liabilities	800	(6,520)	(7,120)
	9,020	(8,300)	(5,830)

NOTES TO THE ACCOUNTS

LGPS Swansea Scheme – University of Wales: Trinity Saint David (continued)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Movement in scheme at beginning of the year			
Deficit in scheme at beginning of the year	(23,230)	(14,770)	(8,620)
Current service cost	(1,510)	(1,440)	(1,560)
Contributions paid by the employer	1,520	1,570	1,460
Net finance cost	(310)	(290)	(220)
Actuarial gain/(loss)	9,020	(8,300)	(5,830)
Deficit in scheme at the end of the year	(14,510)	(23,230)	(14,770)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities			
At 1 August	(59,020)	(50,920)	(41,810)
Current service cost	(1,510)	(1,270)	(1,060)
Past service cost	-	(170)	(500)
Interest cost	(820)	(1,060)	(1,160)
Member contributions	(170)	(180)	(200)
Actuarial gain/(losses)	800	(6,520)	(7,120)
Curtailment	-	-	-
Benefits paid	1,010	1,100	930
At 31 July	(59,710)	(59,020)	(50,920)

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

	35,790	36,150	33,190
At 1 August	510	770	940
Expected rate of return on scheme assets	8,220	(1,780)	1,290
Re measurement gains on assets	-	-	-
Administration expenses	1,520	1,570	1,460
Employer contributions	170	180	200
Members contributions	(1,010)	(1,100)	(930)
Benefits paid	45,200	35,790	36,150
At 31 July			

At 31 March 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year end. The impact of this change is expected to have resulted in a £5.0m increase in the Fund's liabilities since the prior year end

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPAAS)

The University sponsors the University of Wales, Lampeter Pension & Assurance Scheme which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities.

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

A full actuarial valuation was carried out as at 31 July 2017, the results have been updated to 31 July 2020 by a qualified actuary, independent of the plan's sponsoring employer.

The results of the 31 July 2017 valuation showed a deficit of £1,981,000. The University has agreed with the trustees that it would aim to eliminate the deficit over a period of 10 years from 1 August 2017 by the payment of monthly contributions of £10,017 from 1st August 2018 to 31st July 2019 and then £20,583 from 1st August 2019, increasing at 3% per annum in respect of the deficit. In addition and in accordance with the actuarial valuation, the University has agreed with the trustees that it will pay 25.3% of pensionable earnings in respect of the cost of accruing benefits. The University will also meet expenses of the scheme and levies to the Pension Protection Fund, insurance premiums for death in service and all management and administration expenses. Member contributions are payable at the rate of 6.25% of pensionable service.

The material assumptions used by the actuary as at 31 July 2021, and for the comparative period, were as follows:

	2021	2020	2019
	%	%	%
Rate of increase in salaries	4.3	4.1	4.4
Rate of increase in pensions in payment	2.8	2.6	2.3
Revaluation rate for deferred pensions	2.5	2.5	2.5
Discount rate	1.6	1.5	2.1
Rate of inflation	2.4	2.2	2.5
Allowance for commutation of pension for cash at retirement	Maximum allowed	Maximum allowed	Maximum allowed

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

	2021	2020
Males retiring at age 65 in 2020	20.9 years	20.9 years
Females retiring at age 65 in 2020	22.9 years	22.8 years
Males retiring at age 65 in 2040	22.3 years	22.3 years
Females retiring at age 65 in 2040	24.4 years	24.3 years

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPS) (continued)

	Split at 31 July 2021 %	Split at 31 July 2020 %	Split at 31 July 2019 %
Split of scheme assets			
Equities	39.6	35.1	38.8
Bonds	50.3	55.7	50.3
Other	10.1	9.2	10.9
	100	100	100

The following amounts at 31 July 2020, 31 July 2019 and at 31 July 2018 were measured in accordance with the requirements of FRS102

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Fair value of assets	23,809	21,946	21,918
Present value of scheme liabilities	(27,138)	(28,457)	(26,120)
Deficit in the scheme	(3,329)	(6,511)	(4,202)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of amount charged in Statement of Comprehensive Income			
Current service cost	(151)	(100)	(123)
Past service cost	-	-	-
Administration expenses	-	-	-
Curtailment	-	-	-
Total operating charge	(151)	(100)	(123)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Analysis of finance income and charges			
Expected rate of return on scheme assets	326	455	539
Interest on pension liabilities	(422)	(541)	(618)
Net finance cost	(96)	(86)	(79)

	31 July 2021 £'000	31 July 2020 £'000	31 July 2019 £'000
Amount recognised in other comprehensive income			
Return on plan assets – gain	1,890	81	1,192
Experienced gains/(losses) arising on plan liabilities	1,042	57	4
Change in financial and demographic assumptions underlying the plan	157	(2,612)	(2,708)
Total loss recognised in the other comprehensive income statement	3,089	(2,474)	(1,512)

NOTES TO THE ACCOUNTS

University of Wales Lampeter Pension and Assurance Scheme (UWLPS) (continued)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Movement in scheme at beginning of the year			
Deficit in scheme at beginning of the year	(6,511)	(4,202)	(3,234)
Current service cost	(151)	(100)	(123)
Contributions paid by the employer	340	351	912
Net finance cost	(96)	(86)	(79)
Expenses	-	-	-
Losses due to benefit changes	-	-	(166)
Actuarial gain/(loss)	3,089	(2,474)	(1,512)
Deficit in scheme at the end of the year	(3,329)	(6,511)	(4,202)

	31 July 2021	31 July 2020	31 July 2019
	£'000	£'000	£'000
Analysis of the movement in the present value of the scheme liabilities			
At 1 August	(28,457)	(26,120)	(22,988)
Current service cost	(151)	(100)	(123)
Past service cost	-	-	-
Interest cost	(422)	(541)	(618)
Member contributions	(19)	(20)	(27)
Actuarial gain/(losses)	1,199	(2,555)	(2,704)
Curtailment	-	-	-
Benefits paid	712	879	506
Expenses	-	-	-
Losses due to benefit changes	-	-	(166)
At 31 July	(27,138)	(28,457)	(26,120)

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

	21,946	21,918	19,754
At 1 August	21,946	21,918	19,754
Expected rate of return on scheme assets	326	455	539
Re measurement gains on assets	1,890	81	1,192
Administration expenses	-	-	-
Employer contributions	340	351	912
Members contributions	19	20	27
Benefits paid	(712)	(879)	(506)
At 31 July	23,809	21,946	21,918

NOTES TO THE ACCOUNTS

Teachers' Pension Scheme

This report sets out the results of the actuarial valuation of the combination of the Teachers' Pension Scheme ('pre 2015 Scheme') 6 and the 2015 Teachers' Pension Scheme ('2015 Scheme') 7 (Teachers' Pension Scheme or 'the Scheme'). The Scheme provides pensions and other benefits to teachers who have worked in schools or other educational establishments in England and Wales. The Scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. The Scheme is financed by payments from the employer and from those current employees who are members of the Scheme, who pay contributions at different rates based on pay and as specified in the regulations

The latest actuarial valuation of the scheme was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employers Cost Cap) Directions 2014. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme on 9 June 2014. The GA concluded that:

- at the date of the valuation, the liabilities in the scheme were £196.1 bn and the value of the assets was £218.1 bn giving a notional past service deficit of £22 bn;
- the total recommended rate of contribution payable by employers from 1 September 2019 is 23.6 % (previously 16.4%) of salary; and

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2012 valuation, are shown below:

Last actuarial valuation	31 March 2016	31 March 2012
Actuarial method	Prospective benefits	Prospective benefits
Discount rate		
- Real	2.40%	3.00%
- Nominal	4.45%	5.06%
Pensions increases	2.00%	2.00%
Long term salary growth	4.20%	4.75%
- In excess of assumed	2.20%	2.75%

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the University an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out above the information on the scheme and the implication for the University in terms of the anticipated contribution rates.

NOTES TO THE ACCOUNTS

USS

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. 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.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies

The total cost charged to the Consolidated Statement of Comprehensive Income is £5,125k (2020: £4,613k) including PensionChoice, but excluding the impact of the change in the deficit recovery plan.

Deficit recovery contributions due within one year for the institution are £1,694k (2020: £484k)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method.

The 2018 valuation was the fifth and latest valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount Rate (forward rates)	Years 1-10	CPI + 0.14% reducing linearly to CPI – 0.73%
	Years 11-20	CPI + 2.52% reducing linearly to CPI – 1.55%
	Years 21+	CPI + 1.55%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.	

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<u>Pre-retirement</u>
	71% of AMC00 (duration 0) for males and 112% of AC00 (duration 0) for females
	<u>Post-retirement</u>
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 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:

	2018 Valuation	2017 Valuation
Males currently aged 65 years	24.4	24.6
Females currently aged 65 years	25.9	26.1
Males currently aged 45 years	26.3	26.6
Females currently aged 45 years	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020	2019
Discount rate	0.87%	0.73%	2.44%
Pension growth (CPI)	2.08%	2.08%	2.11%

NOTES TO THE ACCOUNTS

USS (continued)

In the year ended 31 July 2021, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

A further full valuation as at 31 March 2020 is currently underway. There is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation has not met its statutory deadline of 30 June 2021. It is anticipated that there will be an increase in the deficit provision and impact on cashflow as a consequence of the new schedule of contributions.

28 Events after the reporting period

As set out in Note 27 in respect of the USS pension scheme a further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £34.2m as at 31 July 2021. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

There have been no further material events in the period between 31st July 2021 and the signing of the accounts on the 25th November 2021.