

PRIFYSGOL
Glyndŵr
Wrecsam

Wrexham
Glyndŵr
UNIVERSITY

GLYNDWR UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2020



REGISTERED CHARITY NO. 1142048

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REPORT OF THE CHAIR OF THE BOARD OF GOVERNORS



The University's mission is to inspire and enable; transforming people and places and driving economic, social and cultural success. The University is continuing to build on its long tradition of providing excellence in higher education in North East Wales, meeting not only the needs of that region but looking across the border to students, businesses and local communities in North-West England.

As an anchor institution for the region, the University offers a supportive community to our learners and is dedicated to the social and economic development of North East Wales and to promoting the success and employability of our graduates.

Looking back there have been many examples of excellence across the University despite the challenges in the external environment, including those brought about by the Covid-19 pandemic which have affected us all. Some examples of the achievements, of which we are proud, are outlined later in this document; among them our rise of 60 places in the Stonewall Workplace Equality Index and 11 places in the HE sector ranking; and the increase in student satisfaction score of 4% in the 2020 National Students Survey. In her section of this report our Vice-Chancellor, Maria Hinfelaar, reports on progress in delivery against our strategic plan objectives.

Progress continues to be made on the achievement of our Campus 2025 Strategy which sets out a masterplan for the development of our estate. Due to coronavirus and restrictions placed on employers and contractors, there have been some delays and necessary adjustments to project specifications, however, works to improve the main foyer/reception and create a new Graduate Enterprise Suite were completed in the reporting year. During 2020/21 further capital funding received through the Higher Education Funding Council for Wales to Welsh Universities has allowed us to increase our campus development, particularly around areas that address Welsh Government's priorities relating to their Decarbonisation Strategy, Green Economy Route Map and Digital Strategy.

In terms of the University's financial performance, having anticipated the potential impacts of some of the uncertainties beyond our control in 2018/19 when we undertook extensive work to review our structures and costs, and diversify our academic activity to secure new revenue streams, the University has remained resilient and sustainable for its students, staff and other stakeholders during this challenging year. The Covid-19 pandemic has set us back on our growth trajectory; nevertheless, we returned an operating surplus for the fifth year running due to strong financial management. We also remain in a positive cash position and continue to increase cash reserves.

During 2019 a review of the [Governance of the Universities in Wales](#) (Camm Review) was commissioned by Welsh universities with support from the Higher Education Funding Council for Wales, the aim of the review being 'to enable governors to operate at the leading edge of good corporate governance both in terms of compliance and crucially boardroom culture.' Arising from this our Board of Governors has adopted the *Governance Charter for Universities*

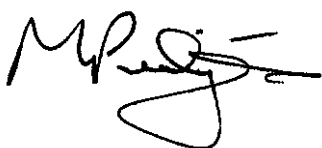
in Wales and the associated *Commitments to Action* and developed its own [action plan](#) to address gaps and enhance current practice.

A strong foundation of good governance is vital to maintaining stakeholder confidence in the University and to helping us to realise our Vision and Strategy; and the Board of Governors is committed to implementing the Commitments to Action as soon as possible in accordance with the timetable set out in the plan. There are a number of actions which are dependent on the outcomes of work of other bodies associated with the University and to which no firm completion dates can be assigned, nevertheless the Board aims to implement the full action plan before the end of the academic year 2021/22.

Some of the actions we have completed to date include: the approval of 20 as the maximum number of Board members which includes staff and student governors; development of a role description for Committee Chairs to supplement those already in place for the Chair, Vice Chair and Governors; formal articulation of the role of Executive Officers when attending meetings of the Board and its committees; updating of the Standing Orders to confirm that the maximum term of office of any governor, including governors subsequently elected as Chair or Vice-Chair of the Board, will be a maximum of 9 or exceptionally 10 years; development of a stakeholder engagement statement; and approval of a succession planning framework for independent governors. Further progress to implement the Board's action plan has also been made during the 2020/21 academic year.

During 2019/20 the Board appointed two new independent governors in accordance with its approved selection process for new independent members of the Board. The process was overseen by the Board's Nominations and Governance Committee and involved the placing of advertisements, consideration of applications and a two-stage interview process culminating in recommendations to the Board for approval of their appointment. *Mrs Claire Homard and Mr Jason Davies joined the Board* in February 2020. Both new governors integrated well into the Board despite the challenges of reduced face to face meetings arising from the coronavirus situation. After the reporting period Mr Davies resigned from the Board having highlighted a change in personal circumstances which would have resulted in a conflict of interest. We were sorry to lose his skills and expertise. The Board instigated a further recruitment process during 2020/21 to fill this vacancy but also, with succession planning in mind, to seek to strengthen the skills and experience on the Board over the next few years in preparation for when longstanding governors come to the end of their term of office. The Board also welcomed the continued membership of Ebony Banks, former Students' Union Vice-President and newly-elected President and Chloe Williams newly elected Student's Union Vice President as governors and thanked Kieran Irwin, the outgoing Student's Union President, for his contribution to the Board over the last two years.

As always behind the success of the University lies the commitment and efforts of staff, students, the Students' Union and governors. We started a new academic year quite different to the one that we started in 2019, and I would like to record my thanks to them all for their resilience, flexibility and commitment to finding a way through the uncertainties created by the Covid-19 pandemic in particular, and to doing their utmost to ensure a positive university experience for all of our students.



Maxine Penlington OBE FLSW
Chair of Governors

29/9/21

THE BOARD OF GOVERNORS



Maxine Penlington OBE

Appointed December 2015

Chair of the Board

Chair of the Nominations and Governance Committee
Ex-Officio member of Strategy and Finance and Human Resources Committees



Paul Barlow

Appointed December 2018

Vice Chair of the Board

Vice Chair of the Strategy and Finance Committee
Member of Human Resources Committee



Judy Owen

Appointed May 2016

Chair Strategy and Finance Committee

Non-executive director Glyndwr Services Ltd



Paul McGrady

Appointed May 2016

Chair Audit Committee



Professor Sandra Jowett

Appointed May 2016

Chair Human Resources Committee
Chair Remuneration Committee



Jim Barclay

Appointed March 2019

Vice Chair Audit Committee

Non-executive Director Glyndwr Innovations Ltd



Celia Jenkins

Appointed May 2015

Vice Chair Nominations and Governance Committee



David Subacchi

Appointed September 2016

Vice Chair of Human Resources Committee

Member of Audit Committee



Dr Jayne Mitchell

Appointed September 2018

Member Strategy and Finance Committee



Claire Homard

Appointed February 2020

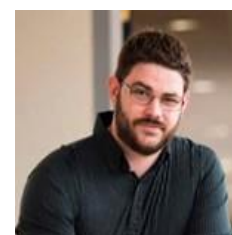
Member Nominations and Governance Committee



Askar Sheibani

Appointed January 2016

Non-executive Director North Wales Science Ltd



Jason Davies

February 2020 to September 2020



Professor Maria Hinfelaar

Vice-Chancellor and Chief Executive
Ex-Officio member of Strategy and Finance, Human Resources and
Nominations and Governance Committees



David Sprake

Appointed April 2019
Elected Teaching Staff Governor
Non- executive Director Glyndwr
Innovations Ltd



Laura Gough

Appointed December 2017
Elected Professional Services staff
Governor



Colin Heron

Appointed September 2018
Academic Board Nominee
Member of Nominations and
Governance Committee



Kieran Irwin

July 2019 to June 2020
Student Governor
Ex-Officio Member of Nominations
and Governance Committee



Chloe Williams

Appointed July 2020
Student Governor



Ebony Banks

Appointed July 2019
Student Governor
Ex-Officio Member of Nominations
and Governance Committee

VICE-CHANCELLOR'S REPORT



Wrexham Glyndŵr University has in place a well-developed strategic plan, *Our Vision and Strategy to 2025*. The University's espoused mission is: "to inspire and enable; transforming people and places and driving economic, social and cultural success". The University is characterised by its inclusivity, evidenced by metrics such as 100% of undergraduate students coming from State schools, 53% of students in mature categories and 27% being in receipt of HE disability support. These metrics have led to us being declared the top university for social inclusion in the Times/Sunday Times Guide 2020.

This Strategy is anchored by four values, committing the University to be:

- **Accessible** to learners and the wider community;
- **Supportive** of our learners, staff, the region and partners;
- **Innovative** in our delivery and management of academic and professional services, and our external relationships;
- **Ambitious** in how we recognise there are no limits to learning and knowledge, adopting an enterprising and flexible approach.

These values are then applied and expressed across the four strategic domains of 'teaching that inspires', 'research that transforms', 'engagement that enables' and 'structure that sustains'. Each domain has a range of objectives and support strategies which flesh out the overarching goals into detailed targets and which are reviewed annually by the Board at KPI level. Within the academic Faculties and professional services departments, relevant strategic goals and objectives are also cascaded down. Individual staff, from senior managers down to team members right across the University, are expected to reflect upon how their professional development plans and objectives are aligned with *Vision and Strategy 2025*.

The table below sets out some of the University's key achievements over the reporting year.

Teaching that Inspires	Research that Transforms	Engagement that Enables	Structure that Sustains
<p>Exceeded overall enrolment targets (all delivery modes), except for part-time programmes affected by Covid-19 in the latter part of the academic year.</p> <p>National Student Survey: we improved overall satisfaction by 4% and exceeded UK sector averages for 'teaching on my course', 'assessment and feedback' and 'academic support'. Several subjects are leaders in their field, whilst there is still scope for improvement in some other areas.</p> <p>WGU graduates in employment or further study stood at 84%, compared with 81% nationally.</p> <p>Progress was made with the rollout of Welsh language activities, facilitated by the Welsh Language Champion and Engagement Officer.</p>	<p>The University increased the percentage of academic staff holding a PhD to 41%, helping to satisfy the criteria for attaining Research Degree Awarding Powers.</p> <p>R&D income has risen to £2m, with a significantly higher pipeline at Optic St Asaph.</p> <p>Postgraduate research enrolments exceeded the target.</p> <p>Internal agreement was reached about which fields would go forward as Units of Assessment for the upcoming Research Excellence Framework 2021.</p>	<p>Collaborative provision via Transnational Education is a crucial part of the University's portfolio. TNE student numbers are approaching 2000 and are based with partner colleges in South East Asia, the Middle East and the EU.</p> <p>Our civic engagement strategy involves close working with public services to tackle avoidable health inequalities in the community, with discernible positive impacts.</p> <p>A major new venture is WGUOnline, offering a suite of MBAs and MScs to students across the UK and abroad in a flexible modular format. Target enrolments were exceeded fourfold in its first year.</p>	<p>Campus 2025 planning applications that were approved are being progressed, as well as HEFCW grant-funded projects; on time, on budget and with a discernible impact on the student experience.</p> <p>Despite the Covid-19 challenges which led to significant drops in revenue and additional cost, the University generated a small surplus and remains in good standing with financial institutions and regulators.</p> <p>A positive climate was maintained for staff, evidenced by the outcomes of the Pulse Well-being Survey during Covid-19.</p>

At the start of the reporting year, there were a range of trends and concerns affecting the sector which featured regularly in debate internally and with sector bodies. These issues included the UK's impending exit from the EU and what the impact might be on recruitment and research links; apparently diverging demographic data for parts of the UK, creating more challenging competitive pressures for some universities; policy moves to potentially alter the funding model for HE (the Augar Review) in England, with likely knock-on effects for Wales; and the ongoing process of drafting new legislation for the oversight of all tertiary education in Wales from 2022/23, fundamentally changing the regulatory environment.

During the reporting year, the University engaged in scenario-planning and stress-testing, underpinned by an analysis prepared by an external consultancy. This mapped out what the severity of the worst-case impact of any or all of the above trends and risks might be, for instance generating a significant loss of income usually driven by lower student enrolment numbers and/or the unit of resource. During a series of strategy sessions at Board of Governor level and within the Vice-Chancellor's Executive Team in late 2019, the scenarios and our potential responses were explored.

A global pandemic was not one of the scenarios we had anticipated. When Covid-19 swept across the world during 2020, we swiftly had to respond and mitigate its impact. The Vice-Chancellor's Executive Team assumed the role of Gold Command and put in place an Academic Continuity Group, an Operational Continuity Group and a Communications Group to oversee the full breadth of the University's strategic and operational responses. All teaching and assessment had to be done off campus, online, because lockdown meant that many traditional methodologies were no longer feasible. Students and staff were supported in various ways: technical equipment which they could use from home, software, digital content and access to external online supports. The responsiveness and agility demonstrated by all involved has been phenomenal. At a practical level, the University had to rapidly adjust its academic regulations to ensure students would not be disadvantaged and they would stay engaged. Building on our achievement of above benchmark retention outcomes over 2018/19, a positive signal was that in-year retention of students stayed ahead of the previous reporting year. In addition, where some on-campus services had to cease altogether the University utilised government interventions such as the Coronavirus Job Retention Scheme, enabling us to continue to pay staff and protect employment.

At the end of the reporting year, the academic year cycle was extended due to more assessment processes in order to support our students. Planning for a hybrid format of delivery and an incremental return to the workplace post pandemic was under way, underpinned by a coherent set of principles, the WGU Active Learning Framework, individual risk assessments and training. The reconfiguration of spaces to ensure a Covid-secure environment for staff, students and visitors, in line with public health guidance, was also well advanced. However, the overall uncertainty with regard to the longer-term impacts of the pandemic still dominates many discussions across the sector. In the meantime, the wider trends affecting the sector and WGU in particular, which we had explored in our scenarios earlier in the reporting year, are still valid and will continue to require our attention.

UNIVERSITY HIGHLIGHTS IN BRIEF

Excellent work has been undertaken during the last academic year and some of the achievements both institutional and individual are highlighted here.

Two computer science students, Sam Bagley and Joshua Hayes, won British Computer Society prizes for their ideas about how the 'Internet of Things' can be used to benefit the world. The Internet of Things is a computing term which describes how devices can be embedded in everyday objects, allowing them to send and receive data.

Sam's entry was for a network of climate data stations – allowing the public to set up their own cheap, easy-to-use micro weather station kit which would feed into an international database, allowing researchers to gather weather information from around the world. Joshua's entry was a proposal for an autonomous fire and drone rescue network which would operate in areas known to pose risks to human life – such as those prone to forest fires or earthquakes.

Following that, games developed by a group of our Computer Game Development students, alongside police officers from a specialist task force, were used to educate young people about cybercrime.

Our Students' Union celebrated with yet another award – this time winning a quality award from the National Union of Students, which Vice President at the time Ebony Banks collected from the Houses of Parliament.

We held our first National Welsh Language Music Day in February which featured a mix of performances from staff and external participants with a variety of stall holders from the local area selling their products.

We signed up to the Rare Aware Charter to support people with rare diseases. The charter is one of a range of ways in which Mold-based community interest group Same but Different, who support people affected by rare disease and disability, work to raise awareness of rare diseases and the people who live with them.

We celebrated a further rise of 60 places in the Stonewall Equality Index which assesses organisations' progress towards LGBT+ inclusion in the work place. The university has risen 235 places in the Index in the last two years.

A second successful crime scene day exercise was held, involving students and academics from across Theatre, Television and Performance, Sports, Forensic Science, Criminology, Policing and Psychology along with North Wales Police and Ambulance services. The scenario this year involved a domestic assault and acid attack at a sporting event, a car crash and a hostage situation.

The Covid 19 pandemic presented challenges across the board for us from March 2020, however we quickly moved teaching online and developed our new Active Learning Framework (ALF) which is a new learning blend of teaching combining digitally-enhanced learning opportunities along with best use of spaces on campus.

We also delivered bespoke training to health workers in clinical care and physiotherapy, freed up resources for 3D printing of PPE equipment with engineering students and members of staff assisting with production, donated various PPE including gloves and aprons to the Wrexham Maelor Hospital. A number of students volunteered in the local community in care homes and in donating food and other items to those in need.

In 2020 so far, we have recorded a rise in the Guardian University Guide, Complete University Guide and the WhatUni Student Choice awards. We also recorded a strong performance in both the National Student Survey and Graduate Outcomes Survey.



Claire Taylor signs the Rare Aware charter



Crime scene day 'arrest'



The Gogs perform at National Welsh Language Music Day



Rachel Jones with some of the donated PPE

CHARITY INFORMATION

Glyndŵr University is a registered charity under the terms of the Charities Act 2011 (charity registration number 1142048)

Registered Office

Mold Road

Wrexham

LL11 2AW

Bankers

Barclays Bank plc

Liverpool Lord Street

Leicester

LE87 2BB

Allied Irish Bank (UK) plc

10 Berkeley Square

Mayfair

London

W1J 6AA

External Auditor

KPMG LLP

1 Sovereign Square

Leeds

LS1 4DA

Internal Auditor

RSM LLP

Festival Way

Festival Park

Stoke-on-Trent

ST1 5BB

PUBLIC BENEFIT STATEMENT

Introduction

Glyndŵr University is a Registered Charity (number 1142048) in accordance with the terms of the Charities Act 2011. The registered address of the charity is Mold Road, Wrexham LL11 2AW. The members of the Board of Governors are the trustees of the charity and as such have due regard to the Charity Commissions guidance on public benefit.

The University is a Higher Education Corporation and under section 124 of the Education Reform Act 1988 it has the power to:

- provide higher education;
- provide further education; and
- carry out research and to publish the results

The University has a specific role in society which involves a deep engagement with its region and community. The University's role is clearly articulated not only in its vision and strategy and mission, but more particularly in all its actions.

The University seeks to provide and advance higher education in North East Wales, Wales, the UK and overseas, through individuals' participation in research-informed, industry-led and vocationally relevant programmes of study, which lead to the award of degrees or other appropriate qualifications; and applied research. Through its core activities the University seeks to develop career-ready professionals who support and meet the needs of the regional, national and international economy.

Widening access and participation in Higher Education

Widening access and participation is an integral part of the character of the University founded on a commitment to provide socially inclusive, fair and supportive access to higher education, breaking down barriers for people from all sections of society, to raise aspirations and support sustained student success.

The University is number one in England and Wales for social inclusion¹. This ranking includes other notable positions such as 8th in England and Wales for admissions from deprived areas (22.7%), 1st in England and Wales for number of disabled students (21.5%), 2nd in England and Wales for mature students (70.8%) and 7th in England and Wales for state school admissions (97.4%). Glyndŵr University also attracts 61.0%² of its student population from the North Wales region.

The University's Fee and Access Plan demonstrates our continued commitment to ensure equality of opportunity and the promotion of higher education. The objectives of the plan include provision of academic and welfare support for under-represented groups and a commitment to improve their experience of higher education, to develop and promote an inclusive academic and student community and expand Welsh medium provision. The

¹ Sunday Times Good University Guide League Table 2021

² Source: HESA Student (FPE) 18/19 data

University also commits to providing an excellent student experience; to assure graduate employability; and to strengthen community engagement. Targets are set against these objectives and they are monitored closely.

Full time Welsh domiciled undergraduate students have access to the Welsh Government Learning Grant and may apply for special support grants and maintenance loans to support their studying. English undergraduate students have access to Maintenance Loans. In addition, the University has a range of schemes including bursaries and scholarships to help students into higher education including a discretionary fund to help those needing financial assistance to continue their studies. The University is committed to helping young people in and leaving care and provides financial and support packages which can include guaranteed on campus accommodation at a discounted rate for their first year. The University has confirmed its commitment to the [Stand Alone Pledge](#) in support of Estranged Students who are young people studying without the support and approval of a family network. This support for estranged students is communicated in our outreach work with schools and colleges; and our work with local hostels and homeless charities helps reach those without home support.

Research

Much of the University's funded research is intended to produce a public benefit, whether in terms of communities of interest or of place. Of 18 externally funded research projects active in 2019/20, 13 were commissioned by public sector and voluntary organisations to support their own public benefit objectives. These organisations included Welsh Government, NHS Scotland, Denbighshire County Council, Alcohol Change UK, Empower Be The Change, Cadwyn Clwyd, Mostyn Gallery and Betsi Cadwaladr University Health Board. The research itself covered a range of topics including alcohol use and related public policy development, entrepreneurship, gallery visitor experience, travel to work patterns, arts and health, and personal resilience. Academic staff have developed proposals which, if they come to fruition in 2020/21, are designed to contribute to diagnosis and treatment of COVID-19 and enhancing knowledge regarding the means of transmission of the virus.

Our place in the community

The University's Vision and Strategy domain of engagement, articulates our aim to involve the the whole community, acknowledging the importance of our local and regional partners and our place in, and commitment to, Wales as our principal location.

In line with the University's Civic Engagement Strategy, which drives our ambition to be transformative, responsive and demand led, we have continued to work collaboratively on a number of projects and to build strong relationships. Through this work we have identified the route cause of many of the regions' challenges and priorities in relation to social inequality and are taking these priorities forward in partnership with regional leaders and the communities we serve.

Some of the transformational projects we are involved in across the region under our Civic Engagement Strategy include; the growth of our partnership with Betsi Cadwalader Health Board in the Social Prescribing Community of Practice in North Wales; and leading the education approach for key partners in the areas of housing, mental health, third sector and public service boards. We are also collaborating with other universities to support leadership

skills for school governors across Wales and, in partnership with the third and public sectors, have developed a bespoke model for volunteering in our communities for our students.

Developing the capabilities of our staff

The University is committed to attracting, developing, engaging and retaining the best staff. Through implementation of our People Strategy we endeavour to provide staff with relevant opportunities to continuously develop their personal and professional skills to enable them to make a positive contribution to the University's vision and strategic objectives. Academic staff contribute to both teaching and research/scholarly activity to develop their professional practice. Staff also collaborate with academics in other universities within the UK and internationally.

Below are examples of specific activity that was undertaken during 2019/20

- A series of projects that the university has worked on with partners as part of its civic mission, alongside the 2025 Movement, were among those shortlisted for the Guardian Public Service awards 2019. This included our work with the Warm Wales 'Healthy Homes, Healthy People North Wales' project which saw Glyndwr staff and students volunteer their time on work placements to help support people across four key areas of wellbeing.
- Our staff once again teamed up with Flying Start Wrexham and Flintshire to support local children whose families were potentially unable to provide Christmas gifts. Staff at our Northop and Wrexham campuses, as well as members of the public, bought dozens of gifts for distribution to deserving children.
- Our Computing staff worked with charity Alcohol Change UK to examine how effective age controls were in preventing the purchase of alcohol online – their report has since been cited in the Daily Telegraph, Guardian, i newspaper and in Italian media among others.
- The groundbreaking Outside In project, run by our Social Work staff, was shortlisted for the Social Care Wales Accolades – with the ceremony set to take place in November 2020. The Outside In project is a focus group that uses innovative ways to educate future social workers. The project makes sure social work students learn from the experience and expertise of individuals who have received social care, social work and health services.
- Young people were again invited to events with the university's inclusion team, as part of the Engage to Change project, led by Learning Disability Wales. The project supports young people between the ages of 16 to 25 with a learning disability and /or autism into paid work placements lasting six to twelve months, to help them find a job. Our inclusion team showed the young people the personal support and assistive technology available to help them in their day to day lives.

- A series of musical performances were held in our social learning space, The Gallery, to mark Welsh Language Music Day, drawing together a diverse range of performers from across North Wales.
- As part of our Civic Engagement work we supported the establishment of a homeless choir in Wrexham town centre.
- Staff, students and external organisations including the police and ambulance services collaborated to run the university's second annual Crime Scene Day. The event drew students from across a wide range of courses, Glyndwr staff, including both academic and professional services, and our emergency service partners to test their reaction to a simulated incident on campus.
- Lecturers on our Physiotherapy degree worked with Health Education and Improvement Wales, local health boards and NHS staff to help boost and refresh skills in respiratory care and tackle the challenge of Covid-19.
- Both of our Faculties worked to pool PPE resources and offer them to healthcare workers during the early stages of the pandemic – and both staff and student volunteers lent time, equipment and expertise to efforts to manufacture and distribute PPE across North Wales – whether in community hubs or through the equipment at our OpTIC Technology Centre.
- Students on courses including Social Care, Youth and Community Work, and Criminology worked as both volunteers and in paid employment to ensure key services, charities and more kept running during the coronavirus pandemic. Glyndwr students on a range of degrees, from Engineering to Nursing, also helped to both provide goods and raise funds for charity during the Covid-19 pandemic.
- Staff in the university's Inclusion Services department worked over the Easter Bank Holiday to ensure that students who were also key NHS workers were able to get the support they needed to continue their studies.
- Wrexham Glyndwr University's Confident Learner course was adapted for online provision and offered to sixth-form students in every North Wales local authority. The course, which was made available in both Welsh and English, prepares students for university-level study.
- A variety of musical and comedy events and concerts were held as part of the University's public events programme in the William Aston Hall.

The University is governed by a non-remunerated Board of Governors/Trustees in common with other charitable higher education institutions in the UK. The majority of governors are independent of the University, and there are staff and student governors

OPERATIONAL AND FINANCIAL REVIEW

A game of two halves – pre and post pandemic

There is nowhere else to start this report than with the recognition of the unprecedented impact of the global Covid 19 pandemic. Clearly this has impacted on all activities within the HE sector in Wales, across the UK and indeed the World. The impact on WGU was felt in terms of reduced income streams for the 3rd term of the year.

The financial year at Wrexham Glyndwr University had been characterised by solid financial performance in the first half of the year, with forecasts indicating the achievement of original budget targets; but a subsequent massive fall off in income levels post the pandemic striking and the introduction of a national lockdown in March 2020, with the impacts being felt right through till the close of the year, at the end of July 2020.

Despite all of this disruption the University Group still managed to grow its total income to £36.9m an increase of £1m (2.8%) on the previous year. With the recognition of the loss of 3rd term income, the Executive put in place a series of management actions to reduce costs and access available and appropriate funding streams, including the Coronavirus Job Retention Scheme; this resulted in the University Group still able to post a net surplus of £713k.

The usual round of pensions accounting once again introduces adjustments to the net surplus, with this year the impact of the LGPS GMP equalisation introducing a notional charge (non cash) in respect of past service liabilities of £173k, accounting for the difference between the Operating result before and after one off pension impact.

The book profit on the disposal of the Crispin Lane site, in line with the University's Campus 2025 strategy is also taken within this year, given the sale of the land to the Welsh Government in March 2020.

The lack of any indexation within the tuition fee has meant that all cost increases have to be absorbed through either, growth in student numbers, growth in other income generational areas, or cost controls/reductions. The University has continued to adopt this strategy and 2019/20 saw continued growth in the Trans National Education and WGU Online programmes. Both of these initiatives will continue to expand in 2020/21 alongside the increased development of our International student programme.

A Sustainable Institution

The following paragraphs show how the University has maintained a positive financial position by continually generating surplus'. The Financial strategy for WGU promotes the diversification of income streams from a breadth of educational offerings. The shape and scale of the curriculum is informed not only by academic issues of quality, pedagogy and desirability, but also from the financial perspective of ensuring sufficient demand to generate tuition fee income contributions to meeting the overall requirements of a sustainable institution. This includes sufficient surplus to allow for the investment of funds in learning and teaching resources and infrastructure.

Adhering to the financial strategy and in particular cash generation and other KPI's is reported on regularly to both management and governors, through the business information monthly reporting pack.

Amongst the key risks routinely monitored are the financial KPI's (see below) that focus on cash and sustainability.

The capital investment plans and priorities are delivered through the Universities Campus 2025 plan and although the next phases of the plan are largely reliant upon disposals receipts, good progress has been made through the application of external grants to deliver capital improvement schemes from within the high level plan.

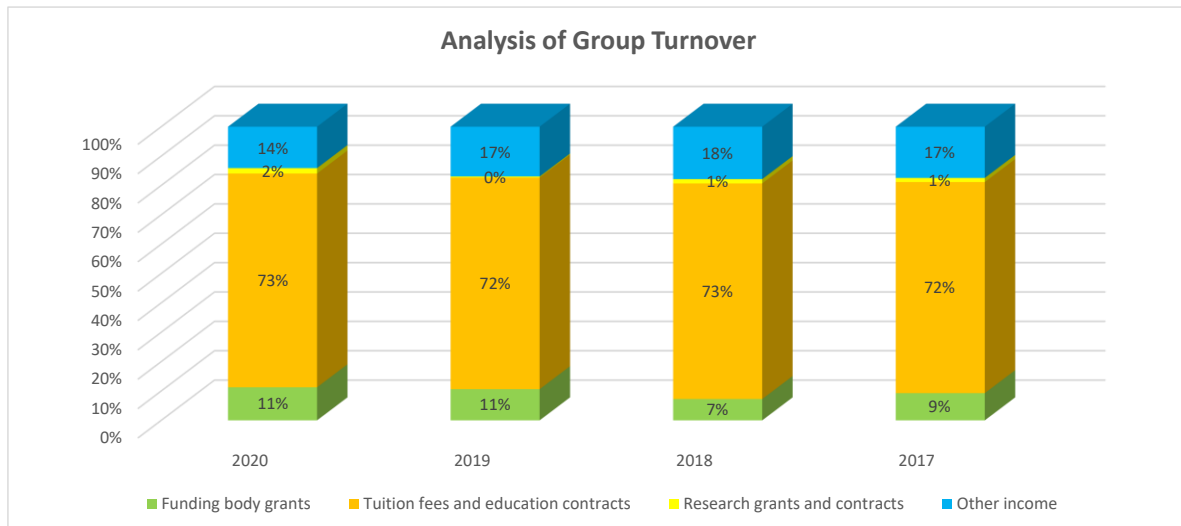
Historical income & expenditure profile

	2020	2019	2018	2017
	£000's	£000's	£000's	£000's
Total academic income	31,764	29,871	29,105	29,486
Total non-academic income	5,216	6,094	6,326	6,230
Total gross income	36,980	35,965	35,431	35,716
Total Pay costs excluding additional LGPS staff pension costs	(22,452)	(21,431)	(21,887)	(22,984)
Total Non pay costs	(12,654)	(13,248)	(12,239)	(11,425)
Total expenditure excluding additional LGPS staff pension costs	(35,106)	(34,679)	(34,126)	(34,409)
Operating surplus/ (deficit) excluding additional LGPS staff pension costs and asset impairment	1,874	1,286	1,305	1,307
LGPS Pension Costs excluding employer contributions	(1,519)	(1,201)	(893)	(715)
Impairment of assets	0	(700)	0	0
Profit/(loss) on disposal of fixed asset	424	0	0	(44)
Tax	(66)	0	0	0
Net surplus / (deficit)	713	(615)	412	548

Financial key performance indicators

	2020	2019	2018	2017
Total Income	36,980	35,965	35,431	35,716
Net surplus / (deficit) as a % of total income	1.9%	(1.7%)	1.2%	1.5%
Cash balance (£000's)	5,933	4,591	4,117	2,827
Staff costs including additional LGPS staff pension costs as a % of gross income	64.8%	62.9%	64.3%	64.4%

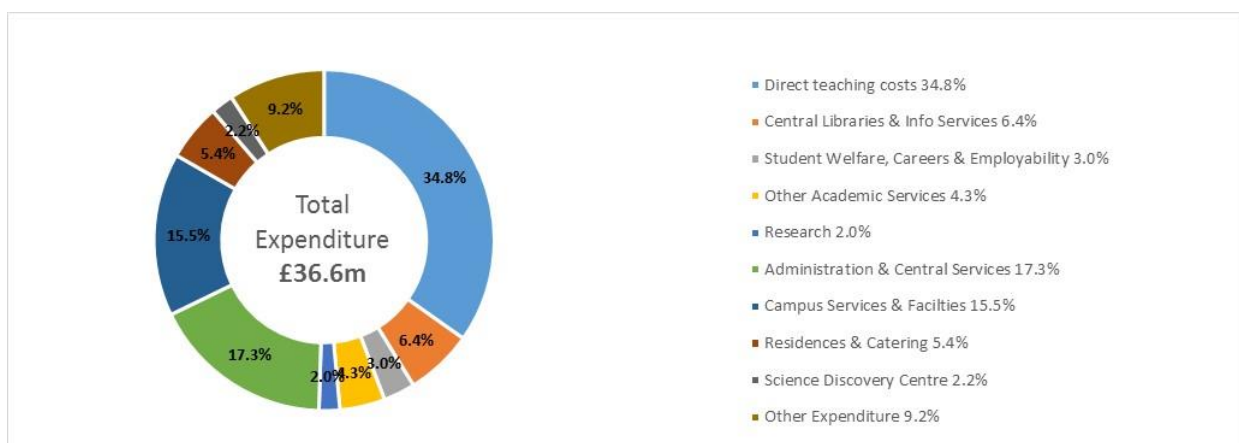
Income levels



Total group income increased by 2.8% to £36.98m in 2019/20. This was largely driven by the increase in Trans National Education and Part Time (including WGU Online) and increased funds from the Higher Education Funding Council Wales.

The University's main source of revenue continues to be derived from tuition fees and education contracts providing 73% of Total Income, which is a marginal increase from the position in 2019/20 (72%).

Group Expenditure



Wrexham Glyndwr University's main expenditure is on teaching and research, but it also spends money on a range of other areas that benefits and supports students and enhances the student experience.

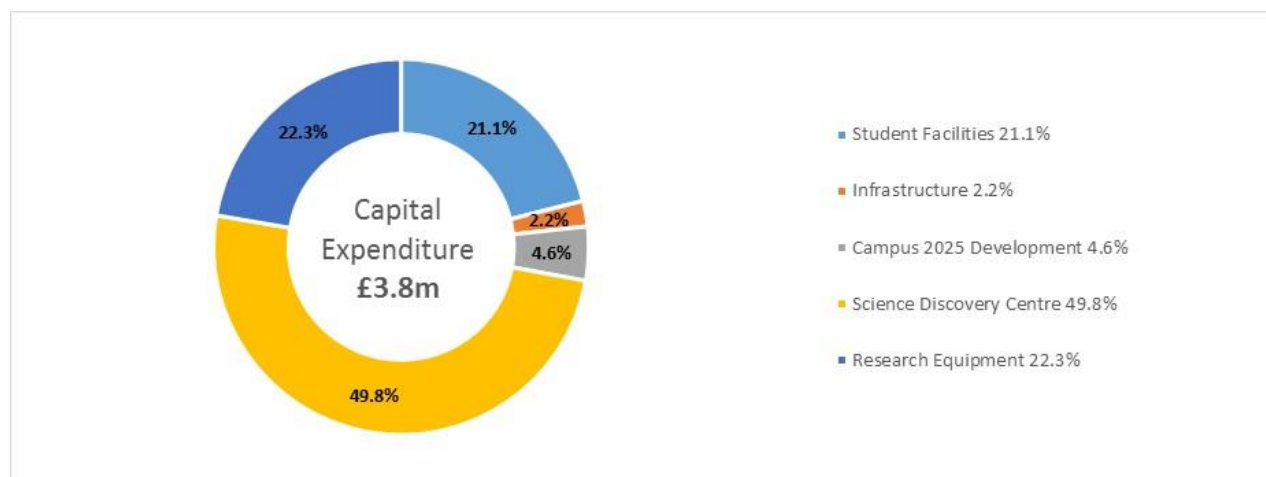
Wrexham Glyndwr Students' Union: The University contributed £361,000 during the year to help support towards the running of the Students' Union.

Science Discovery Centre: This expenditure is funded through specific external grant funding and visitor fee income.

One off additional costs for 2019/20: The University aims to only spend at levels which are within the income it has generated during the year, however during 2019/20 additional one-off non-cash costs were incurred due to:

the inclusion of LGPS Pension past service charges, the impact of this for the University meant that an additional charge of £173,000 relating to GMP within LGPS past service costs.

Capital Investment



The University has continued with its ambitious Campus 2025 plans and during the year completed the sale of the surplus land at Crispin Lane the proceeds of which was applied as a capital repayment against the loan used to purchase Wrexham Village.

Specific external grants have been received which have been applied towards relocating the Science Discovery Centre (Xplore!) to the town centre and freeing up space on campus to be redeveloped for future academic use.

Capital grant was used to fund campus improvements, in line with the agreed Campus 2025 strategy. This saw internal improvements to teaching and learning spaces alongside the development of a new Graduate Enterprise suite.

The planning appeals in respect of two of the enabling sites planned for disposal have been delayed as a result of the Welsh Planning Inspectorate being forced to delay their processes as a result of the pandemic. The Board will continue to apply capital receipts, alongside grants and internal resources for reinvestment to deliver the Campus 2025 programme.

Cash Flow and Financing

The year-end saw cash balances of £5.9m this was slightly ahead of forecasts. The balance on the term loan used to finance the acquisition of Wrexham Village was reduced by a one off capital repayment £1m during the year thus reducing the overall long term creditors.

Statement of Financial Position (Balance Sheet)

The Statement of Financial Position appears to be weakened by the increased pension's provision now standing at £40,898k. The provision had been £31,225k in 2019 but had previously been £20,159k in 2018, £26,130k in 2017, £32,226k in 2016 and £22,559 in 2015. Such fluctuations are totally beyond the University's control and therefore are of limited use when considering the overall financial position.

Fixed assets have grown with the addition of Henblas House, the new home of the Science Discovery Centre – Xplore! (funded from external grant) adding to the North Wales Science property portfolio. This has freed up essential space on the Plas Coch Campus for academic usage.

Pensions

The Group participates in three pension schemes, the Teachers Pensions Scheme (TPS), the Local Government Pension Scheme, Clwyd Pension Fund (LGPS) and the Universities Superannuation Scheme (USS). It has not been possible to identify the institution's share of the underlying assets and liabilities in relation to the TPS and USS scheme; as such they are accounted for as if they were defined contribution schemes. However, under SORP 2019 a liability of £122k is held (2019 - £249k), following the finalisation of the 2019 valuation, to take account of the deficit within the USS scheme which is currently being repaid with additional agreed contributions.

Financial Outlook

During 2019/2020 the University charged FT home and EU undergraduate students an annual tuition fee of £9,000, as compared to the fee of £9,250 being charged in English institutions. The Welsh Government has provided additional funding to the Funding Council for 2018/19 to compensate for the continued capping of the fee and this had been deployed to institutions in the form of a fee mitigation grant. Currently the cap on the £9,000 fee remains however the fee mitigation grant has been removed for 2019/20. A Review of Post-18 Education and Funding in England (Augar) had been commissioned by the UK Government and reported in 2019. It is possible that this review of the English system will influence future funding decisions in Wales. At present the methodology for the future funding of institutions in both Wales and England is uncertain.

Original budget forecasts for the 2020/21 year were completed, approved and filed with HEFCW in the summer of 2020. This showed a budgeted net surplus of £573k (1.35% of turnover). It was recognised that this budget was put together at the height of the Covid19 pandemic uncertainties. It was accepted that the key variable of student numbers would need reviewing in light of final recruitment numbers. A formal review of the key drivers underpinning the 20/21 budget (completed in October 2020) showed that Tuition Fee income levels would be slightly down on the original forecast, but that this is partially compensated by additional HEFCW Grant and with cost reductions applied to discretionary spend areas. The net result of these changes being that

the University can maintain a realistic budgeted surplus position for the 20/21 year, now forecast at £248k (0.6% of turnover). Although a reduced level of net surplus this budget will generate additional cash of £1.17m by year end, once again increasing the net assets for the University.

Principal Risks

The University maintains a Corporate Risk Register in line with the Risk Management Policy. This is reviewed regularly and monitored by the University's Audit Committee and Board. The latest iteration of the Risk Register records two risks as being very high: - (1) Student Recruitment and (2) Financial Sustainability. The link between the two is obvious given the University's income profile with Tuition Fees being some 72% of turnover. At a time of huge uncertainty in relation to student behaviour, caused by the pandemic, it is not surprising that the executive has chosen to increase these risk scores.

There are an extensive series of mitigation measures in place that range from the medium term plans of remodelling the academic offer, diversifying income sources and increased marketing. Through to more immediate actions in terms of closely monitoring activity and identifying ameliorating actions in year to manage both cash and reported surplus positions.

Over the last 4 years the University has delivered on the management of these risks, leading to the sustained operational surplus positions, shown in the table above.

Financial Strategy

The ongoing implementation of the Finance Strategy will see the University continue with sustained financial health and remain on track in delivering its important mission.

The key financial objectives of the strategy are to:

- 1 To ensure the long-term Financial Sustainability of the University.
- 2 Maintaining Solvency.
- 3 To promote Efficiency and Value for Money.
- 4 Ensuring high standards of financial Probity and Accountability.
- 5 Increasing the value and diversity of Income from public, private and business sources.
- 6 Ensuring that the Financial Risks associated with ongoing activities and new opportunities are communicated and managed appropriately.
- 7 Maintaining a clear and robust approach toward Financial Planning, decision making and the Allocation of Resource.

The financial statements for 2019/20 show that the University deployed 50% of its income on direct staff costs (excluding pensions), which is in line with the previous year. This is consistent with sector norms and the Financial Strategy targets. The impact of pension's charges, both cash and particularly, non-cash which has a distorting affect, does raise the KPI metric of staff costs as a percentage of turnover. However, by continuing to ensure that turnover grows and that costs are effectively controlled provides a solid base financial foundation for the university, enabling it to plan for increased accounting and cash surpluses to provide the funding for the ambitious programme of development set out in the Campus 2025 strategy.

In order to generate development funding and as a counter to the uncertainty arising from the current fee arrangements, the University has ambitious plans to grow and diversify its income base through the development of new academic programmes and investment in research and innovation activity, both to be provided through new and rejuvenated estate and infrastructure.

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS

In accordance with the Education Reform Act 1988 the Board of Governors of Glyndŵr University is responsible for the administration and management of the affairs of the University and Group and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the University and Group and to enable it to ensure that the financial statements are prepared in accordance, with the Statement of Recommended Practice (SORP) on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability and the Financial Management Code issued by Higher Education Funding Council for Wales, the Board, through its accountable office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit, total recognised gains or losses and cash flows for that year.

In preparing these financial statements, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to:

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



Professor Maria Hinfelaar
Vice-Chancellor and Chief Executive
29/9/21

CORPORATE GOVERNANCE STATEMENT

Wrexham Glyndŵr University is committed to high standards of corporate governance. This summary describes how the relevant principles of good governance are applied demonstrating its compliance with best practice within the higher education sector.

The University has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies, the standards in public life enunciated by the Nolan Committee, the Combined Code, the UK Corporate Governance Code as it applies to Higher Education, and the Committee of University Chairs' Higher Education Code of Governance (2018 revision).

The Board of Governors carries overall responsibility for the University's and Group's systems of internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has adopted a statement of primary responsibilities, which is published on the University's website and is reviewed at least every two years. This statement sets out the Board's responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety, the appointment of University Officers and for ensuring that there are arrangements in place for effective academic governance and the quality and standards of educational programmes.

In line with its governing document, the Instrument and Articles of Government, the Board is made up of a majority of independent governors with two staff governors, two teaching staff governors and one professional services staff governor. The Vice Chancellor is also a governor.

The Board meets at least five times per year with much of its detailed work being handled initially by its standing committees. All committees are formally constituted with terms of reference, which are reviewed annually, and are made up of mainly independent members. Each committee is chaired by an independent governor. All committees review and reflect on their work and provide an annual report to the Board of Governors which includes a record of members' attendance.

The Board also engages in an annual Strategy day with members of the Vice Chancellor's Board to reflect on the performance of the University and other matters of significance.

The **Strategy and Finance Committee** meets at least five times per year and has a financial as well as a strategic remit. In terms of its financial remit, the Committee considers and recommends the University's and Group's annual budgets to the Board of Governors and monitors performance against the budgets. In relation to its strategic remit the Committee monitors strategic and estates matters, and advises the Board of Governors on the University's strategic direction as well as giving initial consideration to and advising the Board on business of particular importance or complexity which is not within the remit of other committees of the Board.

During the year the Committee completed its work plan and reported consistent attendance of members at meetings.

The **Nominations and Governance Committee** meets at least twice per year and makes recommendations to the Board of Governors in respect of the appointment of new governors in accordance with the Instrument and Articles of Government and the University's standing orders. The membership of the Committee includes an academic staff governor and a student governor as well as a co-opted external member who is not a member of the Board of Governors. On behalf of the Board the Committee monitors the balance of skills, expertise and experience within the membership to ensure that it provides appropriate leadership to the University to exercise effective oversight of its affairs. During the year the Board approved a succession planning framework for the Chair and independent governors.

The Board has in place a procedure for the recruitment and appointment of independent governors overseen by the Nominations and Governance Committee. Independent governors are those appointed by the Board who are neither a registered student nor a member of staff of the University, nor a person from an elected local authority. Independent governors are key to engendering public trust in Universities, and the Nominations and Governance Committee will consider the independence of a potential governor during the recruitment process. Once appointed the onus is on governors to be transparent and demonstrate their independence and declare any actual, perceived or potential conflicts of interest. The Board has in place a process for all governors to declare their interests at every meeting and annually; and a register is published on the University's website.

During the year the Board approved the appointment of two new independent governors and a co-opted member of the Audit Committee.

The Board seeks to remove any barriers that might deter people from expressing an interest in joining the Board and the Committee seeks applications from people from all backgrounds for consideration for appointment during its search to fill vacancies, with the aim of achieving a balance of membership that reflects the diversity of the University, its activities and the region.

The gender balance of the membership at the end of the academic year stood at 50% female and 50% male, slightly above the average of 40% of women filling places on UK HEI governing bodies, making it amongst the 55% of governing bodies that are gender balanced with between 40% and 60% female members³. The Board has committed to the development of a diversity and inclusion strategy with a view to increasing the general diversity of the Board in recruiting to vacancies.

During the year the Committee completed its work plan and reported consistent attendance of members at meetings.

The **Human Resources Committee** meets at least four times per year and monitors health and safety, equality and diversity matters, and considers staff related data and policies and procedures. The Committee receives an annual report on equality and diversity and regular updates on achievement of the objectives within the Strategic Equality Plan.

The Committee included one co-opted external member who was not a member of the Board of Governors, who came to the end of their term of office at the end of the academic year. During the year the Committee completed its work plan and reported consistent attendance of all members at meetings.

² Norma Jarboe OBE/https://womencountblog.files.wordpress.com/2018/11/womencount-report-2018_web-version_new-final.pdf/2018

The **Remuneration Committee** meets at least twice annually, initially to consider the annual [pay policy statement](#) which the University is required to make publicly available. The Committee's second meeting in June considers the remuneration of senior post holders in line with annual practice and makes a report to the full Board on its decisions. The Board has adopted the Principles of the Committee of University Chairs (CUC) Remuneration Code.

During the year the Committee completed its work plan and reported consistent attendance of members at meetings.

The **Audit Committee** meets at least four times a year and is established by the Board to advise them and provide oversight of the effectiveness of the University's risk management, control and governance arrangements, the arrangements to promote economy, efficiency and effectiveness, and internal audit and external audit arrangements. The Committee comprises three external co-opted members from the public and private sector, who are not members of the Board of Governors, who provide externality to the Committee's deliberations.

The University's senior managers attend meetings of the Audit Committee as necessary but are not members of it. At the start of every meeting, the members meet privately with the University's internal and external auditors. The Committee conducts an annual assessment of its own effectiveness. There are no members of the Audit Committee who are also members of the Strategy and Finance Committee.

The Audit Committee receives and considers detailed internal audit reports from the Group's internal and external auditors. These reports included management actions for the improvement of the University's systems of internal control.

Progress reports on implementation of management actions are monitored by the Vice Chancellor's Board as well as the Audit Committee. The Board of Governors' assurance about the effectiveness of the system of risk and internal control is also informed by the work of the senior management within the University, who have responsibility for the development and maintenance of the internal control framework, through consideration by the Audit Committee; and comments made by the internal auditors in their annual report and external auditors in their management letter.

During the year up to the signing of the Audit Committee has adopted the Committee of University Chairs (CUC) Higher Education Audit Committee Code of Practice (May, 2020)

During the year the Committee completed its work plan and reported consistent attendance of members at meetings.

University's approach to effective management of risk

The approach to risk management is predicated upon this being an active part of normal, good practice and business as usual, but recognising the need and value in having a clear, uniform and coherent process across the University and for this to be formally recorded and documented. There is an institutional risk framework that identifies strategic/corporate risks, which is then supported by an operational risk register. The corporate risk register is developed by the Vice Chancellor's Board and reviewed and approved through the Audit Committee; and the Board of Governors who receive a report at every meeting. The corporate risks range across several

academic, professional and operational areas and take account of the University as a national and international institution operating in a public and regulated environment. These corporate risks are informed by risk appetite that is determined by the Board and articulated in a risk management policy.

Corporate risks remain under review by the senior managers who are appointed as risk 'owners' but are formally reviewed each year in terms of their overall appropriateness; and quarterly to determine their currency and to recognise any changes happening within year. The corporate risk register identifies: the nature of the risk, the potential impact of the identified risk, the likelihood of the risk materialising, the 'owner' of the risk, and the mitigating factors to manage the risk, and this is scored both before and after the mitigating controls have been considered, as additional information is provided around risk 'triggers' and horizon scanning. The operational risk register then sits alongside the corporate risk register, with the responsibility as risk owner being the heads of relevant academic and professional areas across all parts of the University, with practical support from a risk lead in their own area. Each area is asked to ensure that local risks are actively considered within their management and reporting structures, with escalation to the Vice Chancellor's Board triggered if a residual risk score is high or very high. The Audit Committee receives and considers a report from the University's independent audit provider RSM LLP on risk management processes. The corporate risk register has been reviewed by the Board of Governors during the year.

Internal control

The key elements of the Group's system of internal controls, which is designed to discharge the responsibilities set out above included the following:

- Clear definitions of the responsibilities of, and the authority delegated to, senior managers and heads of academic and professional areas.
- A medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of student recruitment and regular reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Board of Governors;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Governors;
- A professional independent Internal Audit team whose annual programme is approved by the Audit Committee;
- Linking the identification and management of risk to the achievement of the University's strategic objectives through the planning process;
- Evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;

- Embedding risk management and internal control processes in the ongoing operation of all academic and professional services departments;
- Regular reporting to Audit Committee, and then to the Board of Governors, on internal control and risk; and
- Reporting to the Board of Governors the principal results of risk identification, evaluation and management review.

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the system of internal control of the University.

Committee of University Chairs (CUC) Higher Education Code of Governance (2018 revision)

The Board has adopted the CUC Code and its last effectiveness review in 2017/18 confirmed adherence to the Code. During 2019/20 the Board has monitored its action plan to implement the recommendations arising from this effectiveness and confirmed completion of the action plan. The Board will undertake its next effectiveness review in 2021/22 in accordance with the Code.

The Board undertook a review of the Chair's performance during the year and the Chair conducted review meetings with governors.

There were no significant issues arising during 2019/20 in respect of Corporate Governance.

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF WREXHAM GLYNDWR UNIVERSITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Wrexham Glyndŵr University ("the University") for the year ended 31 July 2020 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 Statement of 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 2020, 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*;
- meet the requirements of HEFCW's Accounts Direction to Higher Education Institutions for 2019/20 issued on 24 June 2020; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under paragraph 21 (2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, Corporate Governance Statement and Public Benefit Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or 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. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the operating & financial review is inconsistent in any material respect with the financial statements; or
- the University 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.

Board of Governors' responsibilities

As explained more fully in their statement set out on page 22 the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

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 under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992.

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; and
- 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.

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

This report is made solely to the Board of Governors, in accordance with paragraph 21 (2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 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 Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Clare Partridge
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

29 September 2021

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

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

They are required to prepare 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*. 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 issued by the HEFCW. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Board of Governors is required to:

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

The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds from HEFCW and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCW and other funding bodies may from time to time prescribe;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- for securing the economical, efficient and effective management of the University's resources and expenditure.

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

Financial accounts

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS102), The Financial Reporting Standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. Where relevant the financial statements adhere to the accounting directives of HEFCW.

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operational and Financial Review. The Operational and Financial Review also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

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

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

Consequently, the Governing Body 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.

In reaching this opinion on the financial sustainability of this institution, the following factors have been taken into account:

Financial

- regular performance monitoring through monthly reporting, annual budgets and forecasting, including HEFCW forecast submissions.
- measurement against the Corporate Strategy and related Key Performance Indicators
- complying with the financial covenants of our lender.
- a cash flow strategy which is aligned to the funding regime and which takes into account the peaks and troughs of the funding cycle.

Non-financial

- measurement against the Corporate Strategy and related Key Performance Indicators.
- maintaining a Risk Register which considers both financial and non-financial strategic risks.
- continuing to provide governance and legal functions which cover all financial, statutory and regulatory compliance.

The University had a loan facility in place with Allied Irish Bank ending in August 2021. The Board of Governors has negotiated a new loan agreement which will provide a £7.75m facility on a 1-

year term to August 2022. During September 2021, two land sales have been completed by the University Group realising cash proceeds of £9.3m to significantly increase held cash reserves. Thorough cashflow modelling and scenario testing completed which evidences that the University Group holds sufficient cash reserves to repay the loan facility when required, in addition to ongoing costs of activity for the foreseeable future. These increased cash reserves are sufficient to meet the going concern basis of preparation.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the deemed cost for certain fixed assets as revalued with the introduction of FRS102 reporting.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

Details of the University's subsidiary undertakings are provided in note 20 to the financial statements.

Income recognition

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

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure 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 Statement of Income and Comprehensive Expenditure 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.

Governmental Grant Funding

Recurrent income from grants, contracts and other services rendered is accounted for on an accruals basis and included to the extent the contract or service has been completed; any payments received in advance of such performance are recognised on the Statement of Financial Position sheet as liabilities.

Governmental Capital Grants

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Non-Governmental Grant Funding.

Recurrent income from grants, contracts and other services rendered is accounted for on a performance basis and included to the extent the contract or service has been completed; any

Statement of principal accounting policies (Cont.)

payments received in advance of such performance are recognised on the Statement of Financial Position as liabilities.

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 other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified 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.

Agency arrangements

Funds the University receives and disburses as paying agents 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.

During 2017/18 the University entered into an Agency agreement for the supply of Catering services at the Plas Coch campus and which remains in place. All income and expenditure associated have been included within the University Statement of Comprehensive Income and Expenditure as the University retains the risk or reward of the activity under this agency agreement.

Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risk of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases.

Statement of principal accounting policies (Cont.)

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations, and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent-owned assets.

The leasing of assets under a finance lease (Racecourse Stadium and Colliers Park) are treated as a short and long term debtor consisting of capital and interest elements. The capital element is applied in order to reduce outstanding debtor obligations, and the interest element is recorded as income in the income and expenditure account in proportion to the reducing capital element outstanding.

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 UK Corporation Tax 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.

All UK subsidiary companies are liable to corporation tax in the same way as any commercial organisation.

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

All UK subsidiary companies are liable to VAT in the same way as any other commercial organisation except that any education or training provided by a university subsidiary is an exempt supply of education.

Tangible fixed assets

Fixed assets are stated at 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.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 50 years. The hockey pitch is depreciated over its expected useful life of 10 years. Capital expenditure applied to existing buildings is depreciated over its estimated useful life of 10 years.

Where buildings are acquired with the aid of specific government grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Statement of principal accounting policies (Cont.)

Fixtures, fittings and equipment costing less than £10,000 per individual item or group of related items is written off to the income and expenditure account in the period of acquisition. All other fixtures, fittings and equipment is capitalised at cost. Motor vehicles are capitalised at cost.

All assets are depreciated over their estimated useful economic life as follows:

- Fixtures, fittings and equipment – five years
- Motor vehicles – three years

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful life of the related equipment. It is University policy not to revalue this class of assets.

Equipment acquired for a specific funded project is depreciated over its expected useful life which ordinarily equates to the term of the project.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Any impairments which are due to the clear consumption of economic benefits are recognised in the income and expenditure account in the period when they occur.

Any downward revaluations which are not due to the clear consumption of economic benefits are also recognised in the statement of comprehensive income and expenditure account in the period when they occur.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred.

The University has a planned maintenance programme, which is reviewed on an annual basis.

Investments

Listed investments held as endowment assets are shown at market value. Investments in subsidiary undertakings and non-listed entities are shown at the lower of cost or net realisable value.

Current asset investments are included at the lower of cost and net realisable value.

Stock

Stock is stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise sums on short-term deposit with recognised banks. They exclude any such assets held as endowment assets.

Statement of principal accounting policies (Cont.)

Under FRS102, the exemption from the requirement to prepare a separate cash flow statement for the University has been applied.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated to the group's presentational currency (Sterling) at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Financial instruments

Risk Management

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

We have assessed the potential impact of Brexit on the organisation at present and consider there to be no material impact or significant risk to going concern.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

Student and commercial debtors are reviewed on an-ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University 5 year planning process and are revised during the financial year.

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. The operating level of euros is reviewed on a regular basis to mitigate the risk of adverse exchange rate movements.

Accounting for retirement benefits

The three principal pension schemes for the University's staff are:

1. Teachers' Pension Scheme (TPS)
2. Universities Superannuation Scheme (USS)
3. Local Government Pension Scheme (LGPS).

Statement of principal accounting policies (Cont.)

All schemes are defined benefit schemes which are externally managed and contracted out of the State Second Pension (S2P), however Glyndŵr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS102.

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. Glyndwr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS 102.

The LGPS surplus or deficit is recognised as an asset or liability on the Statement of Financial Position. The current service cost and the past service costs are recorded within staff costs.

The interest element is calculated based on the year end deficit (net liability) multiplied by the discount rate. All changes in pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of Comprehensive Income and Expenditure.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when

- a) the University has a present legal or constructive obligation as a result of a past event
- b) it is probable that a transfer 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 discounted to present value where the time value of money is material.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence of otherwise 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 of otherwise uncertain future events not wholly within the control of the University

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note.

Accounting judgements and estimates

The following key judgements and estimates have been applied in these financial statements.

Statement of principal accounting policies (Cont.)

- USS Pension Scheme accounting judgements have been applied using the BUFDG standard USS modelling tool at a discount rate consistent with BUFDG guidance and in line with the University group's future salary roll increase expectations.
- Local Government Pension scheme accounting judgements have been supplied by our scheme actuaries Mercers.
- During the year the University received planning permission approval for a housing development on the Northern Quarter of the Plas Coch campus. Work is being undertaken to progress the sale of this land with interested parties. It is currently estimated that this asset is being held at £700k higher than the likely sale proceeds and as such an impairment adjustment has been made during 2018/19 to the asset value to reflect this.
- Holiday pay accrual was estimated using a direct sample methodology from the University Group's (academic and non-academic) departments taking actual leave levels as at 31st July 2019 and applied as a percentage basis.

Reserves

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

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

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	26,921	26,921	25,911	25,911
Funding body grants	2	4,164	4,164	3,817	3,817
Research grants and contracts	3	679	679	143	143
Other income	4	5,085	3,246	5,983	3,933
Investment income	5	131	131	111	111
Total income		36,980	35,141	35,965	33,915
Expenditure					
Staff costs	6	18,684	17,300	17,845	16,818
Other pensions costs	6	1,446	1,271	1,601	1,450
LGPS Employer Pension	6	3,064	3,064	2,081	2,081
LGPS Past service costs	6	173	173	625	625
Other operating expenses	8	10,607	10,021	10,727	9,775
Depreciation	10	1,674	1,660	1,502	1,487
Impairment of fixed assets	10	0	0	700	700
Interest and other finance costs	7	977	977	851	851
Fundamental restructuring costs	6	0	0	648	643
Total expenditure excluding net interest costs		36,625	34,466	36,580	34,430
Operating result before impairment and one off pension impact		528	848	710	810
Operating result after impairment and one off pension impact		355	675	(615)	(515)
Profit on disposal of fixed asset	10	424	428	-	-
Surplus / (Deficit) before tax		779	1,103	(615)	(515)
Taxation	9	66	66	-	-
Surplus / (Deficit) for the year		713	1,037	(615)	(515)
Transfers between revaluation and income and expenditure reserve		-	-	-	-
Actuarial loss in respect of pension schemes	20	(8,578)	(8,578)	(9,710)	(9,710)
Change in fair value of hedging financial instruments		-	-	-	-
Total comprehensive income for the year		(7,865)	(7,541)	(10,325)	(10,225)
Represented by:					
Endowment comprehensive income for the year		-	-	-	-
Unrestricted comprehensive expenditure for the year		(7,865)	(7,541)	(10,325)	(10,225)
Attributable to the University Group		(7,865)	(7,541)	(10,325)	(10,225)
Surplus for the year attributable to:					
Non controlling interest		-	-	-	-
University Group		713	1,037	(615)	(515)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves Year Ended 31 July 2020

Consolidated	<i>Restricted</i>	<i>Unrestricted</i>	Total excluding Non Controlling Interest	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	200	30,301	30,501	30,501
Surplus from the income and expenditure statement	-	(615)	(615)	(615)
Actuarial gain in respect of pension scheme	-	(9,710)	(9,710)	(9,710)
Total comprehensive income for the year	-	(10,325)	(10,325)	(10,325)
Balance at 1 August 2019	200	19,976	20,176	20,176
Surplus from the income and expenditure statement	-	713	713	713
Actuarial gain in respect of pension scheme	-	(8,578)	(8,578)	(8,578)
Total comprehensive income for the year	-	(7,865)	(7,865)	(7,865)
Balance at 31 July 2020	200	12,111	12,311	12,311
University			Total excluding Non Controlling Interest	Total
	<i>Restricted</i>	<i>Unrestricted</i>	£'000	£'000
	£'000	£'000		
Balance at 1 August 2018	200	30,477	30,677	30,677
(Deficit) from the income and expenditure statement	-	(515)	(515)	(515)
Actuarial gain in respect of pension scheme	-	(9,710)	(9,710)	(9,710)
Total comprehensive income for the year	-	(10,225)	(10,225)	(10,225)
Balance at 1 August 2019	200	20,252	20,452	20,452
Surplus from the income and expenditure statement	-	1,037	1,037	1,037
Actuarial gain in respect of pension scheme	-	(8,578)	(8,578)	(8,578)
Total comprehensive income for the year	-	(7,541)	(7,541)	(7,541)
Balance at 31 July 2020	200	12,711	12,911	12,911

Consolidated and University Statement of Financial Position As at 31 July

	Notes	2020 Consolidated £'000	2020 University £'000	2019 Consolidated £'000	2019 University £'000
Non-current assets					
Fixed assets	10	66,165	63,774	64,404	63,875
		<u>66,165</u>	<u>63,774</u>	<u>64,404</u>	<u>63,875</u>
Current assets					
Stock	11	19	12	21	12
Trade and other receivables : amounts falling due within one year	12	5,095	6,033	3,552	3,790
Cash and cash equivalents	17	5,933	5,724	4,591	4,459
		<u>11,047</u>	<u>11,769</u>	<u>8,164</u>	<u>8,261</u>
Less: Creditors: amounts falling due within one year	13	(7,470)	(7,184)	(5,433)	(5,210)
Net current assets		3,577	4,585	2,731	3,051
Total assets less current liabilities		<u>69,742</u>	<u>68,359</u>	<u>67,135</u>	<u>66,926</u>
Trade and other receivables : amounts falling due after more than one year	14	1,652	1,652	1,652	1,652
Creditors: amounts falling due after more than one year	15	(18,185)	(16,202)	(16,501)	(16,020)
Provisions					
Pension provisions	16	(40,898)	(40,898)	(31,225)	(31,225)
Other provisions	16	-	-	(885)	(881)
Total net assets		<u><u>12,311</u></u>	<u><u>12,911</u></u>	<u><u>20,176</u></u>	<u><u>20,452</u></u>
Restricted Reserves					
Income and expenditure reserve - restricted reserve		200	200	200	200
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		12,111	12,711	19,976	20,252
		<u>12,311</u>	<u>12,911</u>	<u>20,176</u>	<u>20,452</u>
Non-controlling interest		-	-	-	-
Total Reserves		<u><u>12,311</u></u>	<u><u>12,911</u></u>	<u><u>20,176</u></u>	<u><u>20,452</u></u>



Maxine Penlington OBE FLSW
Chair of Governors
29/9/21



Professor Maria Hinfelaar
Vice-Chancellor and Chief Executive
29/9/21

Consolidated Statement of Cash Flows as at 31 July

	2020	2019
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	713	(615)
Adjustment for non-cash items		
Depreciation	1,674	1,502
Decrease in stock	2	1
Decrease in debtors < 1 Yr	(1,543)	(826)
Decrease in debtors > 1 Yr	0	0
Increase/(Decrease) in creditors < 1 Yr	2,273	(356)
Increase in creditors > 1 Yr	(5)	1,144
Increase in pension provision	1,095	1,356
(Decrease)/Increase in other provisions	(885)	356
Impairment of fixed asset	0	700
Adjustment for investing or financing activities		
Investment income	(131)	(111)
Interest payable	366	363
Interest element of finance lease	3	6
Profit on the sale of fixed assets	(424)	0
Capital grant income	(352)	(750)
Net cash inflow from operating activities	2,786	2,770
Cash flows from investing activities		
Capital grants receipts	3,346	750
Withdrawal of deposits	0	12
Investment income	131	111
Disposal of fixed asset	768	0
Payments made to acquire fixed assets	(3,780)	(13,591)
	465	(12,718)
Cash flows from financing activities		
Interest paid	(366)	(363)
Interest element of finance lease	(3)	(6)
New secured loans	0	11,000
Repayments of amounts borrowed	(1,500)	(125)
Capital element of finance lease	(40)	(84)
	(1,909)	10,422
Increase/(Decrease) in cash and cash equivalents in the year	1,342	474
Cash and cash equivalents at beginning of the year	4,591	4,117
Cash and cash equivalents as at 31 July	5,933	4,591

Notes to the Accounts

Year Ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full-time home and EU students	20,783	20,783	21,432	21,432
Full-time international students	1,833	1,833	1,218	1,218
Part-time students	2,660	2,660	1,881	1,881
Academic Contracts	1,645	1,645	1,380	1,380
	26,921	26,921	25,911	25,911
2 Funding body grants				
Recurrent grant				
Higher Education Funding Council	2,939	2,939	2,752	2,752
Specific grants				
Higher Education Funding Other	404	404	479	479
Higher Education Funding Degree Apprenticeships	336	336	36	36
Higher Education Funding Council Quality Research	229	229	215	215
Capital grant				
Buildings	240	240	333	333
Equipment	16	16	0	0
	4,164	4,164	3,817	3,817
3 Research grants and contracts				
Research councils	7	7	21	21
Research charities	55	55	64	64
Government (UK and overseas)	599	599	50	50
Industry and commerce	18	18	8	8
	679	679	143	143
4 Other income				
Residences, catering and conferences	1,754	1,590	2,450	2,202
Other revenue grants	0	0	0	0
Other capital grants	96	96	57	57
Job Retention Scheme Grant	265	165	0	0
Other income	2,970	1,395	3,476	1,674
	5,085	3,246	5,983	3,933
5 Investment income				
Investment income on finance lease	130	130	100	100
Other investment income	1	1	11	11
	131	131	111	111

Notes to the Accounts

Year Ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Staff costs				
Staff Costs :				
Salaries	17,019	15,741	16,288	15,336
Social security costs	1,613	1,515	1,557	1,482
Redundancy costs	52	44	0	0
Staff Costs	18,684	17,300	17,845	16,818
Other pension costs	1,446	1,271	1,601	1,450
LGPS Employer Pension Contributions	2,322	2,322	1,985	1,985
LGPS Current service costs	742	742	96	96
LGPS Past service costs	173	173	625	625
Pensions Costs	4,683	4,508	4,307	4,156
Fundamental restructuring costs	0	0	648	643
Total Staff Costs	23,367	21,808	22,800	21,617

Past service costs (Sergeant / McCloud)

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes, including the LGPS.

For the LGPS, we have based our calculations on the proposals contained within the consultation released by MHCLG on 16 July 2020.

GMP equalisation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgement). This includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, but the 26 October 2018 Lloyds Bank court judgement has now provided further clarity in this area. However, in response to this judgement HM Treasury stated that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgement". This clearly implies that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes, including Local Government Pension Scheme, is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgement, at least at the present time, and so we have not made any direct allowance specifically for any additional liabilities relating to equalisation at this stage. This is consistent with the previous accounting disclosures. However, there is a wider potential issue in relation to GMP equality in general, and this is covered in the following paragraph.

Post-retirement increases on GMPs

At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards. In due course there may therefore be a further cost to the LGPS and its employers when the Government confirms their overall approach to equalisation / indexation. In particular, there is a possibility that all the public sector schemes will be required to index-link GMP benefits, in respect of those members who reach their State Pension Age after April 2021. Our own preference would have been to assume that the current provisions as regards increases will continue to apply. However, it has become clear in a number of discussions that several auditors are taking a different view, and are expecting to see the additional potential liabilities in this area being recognised in employers' accounts if they are material. We have therefore, unless advised otherwise, included the increase in past service liabilities as a "past service cost" (the schedule of figures separately identifies the elements of the past service cost which relates to the GMP increases).

	£'000
IAS19/FRS102 liabilities which we have used in our calculations is:	83,179

Applying the above calculations to our estimated active member liabilities and service cost at 31 July 2019 gives the following:

	£'000
Additional past service liabilities as at 31 July 2019: GMP indexation	173

Notes to the Accounts

Year Ended 31 July 2020

6 Staff costs (continued)

	2020	2019
	£	£
Emoluments of the Vice-Chancellor:		
Salary	203,600	200,000
Total emoluments excluding pension contributions	203,600	200,000
Pension contributions to TPS	47,000	32,960
Total emoluments including pension contributions	250,600	232,960

The emoluments were paid to the Vice-Chancellor, Professor Maria Hinfelaar, who has been remunerated in line with her contractual terms.

The Vice-Chancellor's basic salary is 6.39 times the median pay of staff (2019 - 5.68 times), where the median pay is calculated on a full time equivalent basis for the salaries paid by the University and its subsidiaries to its staff.

The Vice-Chancellor's total remuneration is 6.29 times the median total remuneration of staff (2019 - 5.36 times), where the median total remuneration is calculated on a full time equivalent basis for the total remuneration by the University and its subsidiaries to its staff. Total remuneration includes basic pay and employer pension contributions.

The median calculations do not include agency staff who are not employees of the University or its subsidiaries where the cost is accounted for within Other Operating Expenses.

	2020	2019
	£	£
Key management personnel compensation	1,041,949	929,043

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

	2020	2019
	No.	No.
£100,000 - £104,999	1	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	1
£125,000 - £129,999	0	0
£130,000 - £135,999	1	0
	2	1

	2020	2019
	No.	No.
Average staff numbers by major category :		
Teaching Departments & Academic Support	178	189
Administraton & Central Services	206	204
Premises	25	18
	409	411

Notes to the Accounts

Year Ended 31 July 2020

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7 Interest and other finance costs				
Loan interest	366	366	363	363
Finance lease interest	3	3	6	6
Net charge on USS pension scheme	4	4	2	2
	<u>373</u>	<u>373</u>	<u>371</u>	<u>371</u>
Net charge on LGPS pension scheme	604	604	480	480
	<u>604</u>	<u>604</u>	<u>480</u>	<u>480</u>
	<u>977</u>	<u>977</u>	<u>851</u>	<u>851</u>

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
8 Analysis of operating expenditure by activity				
Academic & Related Expenditure	3,599	3,461	3,452	3,143
Administration & Central Services	2,568	2,568	2,328	2,328
Premises	2,775	2,695	3,048	2,703
Residences, Catering & Conferences	665	588	1,236	1,139
Research Grants & Contracts	413	413	83	83
Other Expenses	587	296	580	379
	<u>10,607</u>	<u>10,021</u>	<u>10,727</u>	<u>9,775</u>

Other operating expenses include:

External auditors remuneration in respect of audit services	78	61	65	50
External auditors remuneration in respect of non-audit services	2	-	2	-
Depreciation	1,674	1,660	1,502	1,487
Operating lease rentals				
Other	6	6	6	6

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
9 Taxation				
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	18	18	-	-
Adjustment in respect of previous years	48	48	-	-
Current tax expense	<u>66</u>	<u>66</u>	<u>-</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>66</u>	<u>66</u>	<u>-</u>	<u>-</u>

In the opinion of the Board of Governors, the criteria of the s505 ICTA 1998 and s256 TCGA 1992 are fulfilled and there is no Corporation Tax liability arising on the University's activities for the period ended 31 July 2020 or 31 July 2019.

Notes to the Accounts

Year Ended 31 July 2020

10 Fixed Assets

Consolidated

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Deemed Cost				
At 1 August 2019	68,689	5,236	1,759	75,684
Additions	-	9	3,771	3,780
Transfers	232	421	(653)	-
Disposals	(339)	(14)	0	(353)
At 31 July 2020	68,582	5,652	4,877	79,111
Depreciation				
At 1 August 2019	6,680	4,600	-	11,280
Charge for the year	1,413	261	-	1,674
Disposals	0	(8)	-	(8)
At 31 July 2020	8,093	4,853	-	12,946
Net book value				
At 31 July 2020	60,489	799	4,877	66,165
At 31 July 2019	62,009	636	1,759	64,404

Notes to the Accounts

Year Ended 31 July 2020

10 Fixed Assets

University	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Deemed Cost				
At 1 August 2019	68,689	5,152	1,268	75,109
Additions	0	9	1,889	1,898
Transfers	232	421	(653)	0
Disposals	(339)	0	0	(339)
At 31 July 2020	68,582	5,582	2,504	76,668
Depreciation				
At 1 August 2019	6,680	4,554	0	11,234
Charge for the year	1,413	247	0	1,660
Disposals	0	0	0	0
At 31 July 2020	8,093	4,801	0	12,894
Net book value				
At 31 July 2020	60,489	781	2,504	63,774
At 31 July 2019	62,009	598	1,268	63,875

During the 2018/19 year the University entered into a development agreement and 99 year finance lease with the Football Association of Wales to lease Colliers park training ground. This has been removed from fixed assets and is now represented within finance lease assets / finance leases. See note 19.

During the 2016/17 year the University entered into a 99 year finance lease with WST Assets Limited, Wrexham AFC Limited and Wrexham Football Supporters Society Limited to lease the Racecourse football stadium. This has been removed from fixed assets and is now represented within finance lease assets / finance leases. See note 19.

During the 2018/19 year the University received planning permission approval for a housing development on the Northern Quarter of the Plas Coch campus. Work is being undertaken to progress the sale of this land with interested parties. During 2018/19 it was estimated that this asset is being held at £700k higher than the likely sale proceeds and as such an impairment adjustment was made to the asset value to reflect this. There is no change to this estimate as at the production date of these accounts.

At 31 July 2020, freehold land and buildings included £5.3m (2019 - £5.3m) in respect of freehold land and is not depreciated.

Leased assets included above:

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Net Book Value:				
At 31 July 2019	-	196	-	196
At 31 July 2018	-	196	-	196

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	Year Ended 31 July 2019 £'000
Cost B/fwd	470
Accumulated depreciation B/fwd	(369)
Charge for year	(39)
Net book value	62

Notes to the Accounts

Year Ended 31 July 2020

11 Stock

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	19	12	21	12
	<u>19</u>	<u>12</u>	<u>21</u>	<u>12</u>

12 Trade and other receivables : amounts falling due within one year

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Trade receivables	4,491	3,541	3,035	1,928
Prepayments and accrued income	604	599	517	501
Amounts due from subsidiary companies	-	1,893	-	1,361
Amount due from finance lease	-	-	-	-
	<u>5,095</u>	<u>6,033</u>	<u>3,552</u>	<u>3,790</u>

13 Creditors : amounts falling due within one year

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Secured loans	500	500	1,500	1,500
Obligations under finance leases	41	41	38	38
Trade payables	1,159	1,133	1,538	1,453
Social security and other taxation payable	408	381	412	389
Other Creditors	124	103	149	123
Accruals and deferred income	3,621	3,475	1,265	1,186
Holiday Pay	513	487	188	188
Deferred Capital Grants	1,104	1,064	343	333
	<u>7,470</u>	<u>7,184</u>	<u>5,433</u>	<u>5,210</u>

14 Trade and other receivables : amounts falling due after more than one year

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amount due from finance lease	1,652	1,652	1,652	1,652
	<u>1,652</u>	<u>1,652</u>	<u>1,652</u>	<u>1,652</u>

Notes to the Accounts

Year Ended 31 July 2020

15 Creditors : amounts falling due after more than one year

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred Capital Grants	9,285	7,302	7,053	6,572
Obligations under finance lease	25	25	68	68
Secured loans	8,875	8,875	9,375	9,375
Energy efficiency loan scheme (SALIX)	0	0	5	5
	<u>18,185</u>	<u>16,202</u>	<u>16,501</u>	<u>16,020</u>

Analysis of secured and unsecured loans:

	2020	University	2019	University
Due within one year or on demand (Note 14)	500	500	1,500	1,500
Due between one and two years	8,875	8,875	8,375	8,375
Due between two and five years	0	0	1,000	1,000
Due after more than one year	8,875	8,875	9,375	9,375
Total secured and unsecured loans	9,375	9,375	10,875	10,875

	2020	University	2019	University
Secured loans repayable by 22nd August 2023	9,375	9,375	9,875	9,875
	<u>9,375</u>	<u>9,375</u>	<u>9,875</u>	<u>9,875</u>

Included in loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
AIB	8,375	Aug-21	LIBOR + 2.8%	University
WVL	1,000	Aug- 21	Barclays Base + 4%	University
Total	<u>9,375</u>			

16 Provisions for liabilities

Consolidated

	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Redundancy £'000	Part-time Credit clawback provision £'000	Total Other £'000
At 1 August 2019	249	2,516	28,460	31,225	552	333	885
Utilised/released in year	0	0	0	0	(552)	0	(552)
Additions in 2020	0	0	10,097	10,097	0	0	0
Unused amounts reversed in 2020	(127)	(297)	0	(424)	0	(333)	(333)
At 31 July 2020	<u>122</u>	<u>2,219</u>	<u>38,557</u>	<u>40,898</u>	<u>0</u>	<u>(0)</u>	<u>(0)</u>

University

	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Redundancy £'000	Part-time Credit clawback provision £'000	Total Other £'000
Movement in TB in the year	0	0.00	0	0	0	0	0
At 1 August 2019	249	2,516	28,460	31,225	548	333	881
Utilised/released in year	0	0	0	0	(548)	0	(548)
Additions in 2020	0	0	10,097	10,097	0	0	0
Unused amounts reversed in 2020	(127)	(297)	0	(424)	0	(333)	(333)
At 31 July 2020	<u>122</u>	<u>2,219</u>	<u>38,557</u>	<u>40,898</u>	<u>0</u>	<u>0</u>	<u>0</u>

Deferred pension obligations are covered in more detail in note 21.

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Nominal discount rate	4.448
CPI	2.00
Real discount rate (in excess of CPI)	<u>2.40</u>

USS deficit

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

Notes to the Accounts

Year Ended 31 July 2020

17 Cash and cash equivalents

	At 1st August 2019	Cash Flows	At 31st July 2020
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	4,591	1,342	5,933
	<u>4,591</u>	<u>1,342</u>	<u>5,933</u>

18 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	31 July 2020 Total £'000	31 July 2019 Total £'000
Payable during the year	30	6	36	6
Future minimum lease payments due:				
Not later than 1 year	30	6	36	36
Later than 1 year and not later than 5 years	120	12	132	138
Later than 5 years	2,790	0	2,790	2,820
Total lease payments due	<u>2,940</u>	<u>18</u>	<u>2,958</u>	<u>2,994</u>

Total rentals payable under financing leases:

	31 July 2020 IT Lease £'000	31 July 2019 IT Lease £'000
Payable during the year	40	92
Future minimum lease payments due:		
Not later than 1 year	41	43
Later than 1 year and not later than 5 years	25	68
Total lease payments due	<u>66</u>	<u>111</u>

Total rental receivable under financing leases:

	Consolidated and University			
	Asset receipt £'000	Interest receipts £'000	31 July 2020 Total lease receipts £'000	31 July 2019 Total lease receipts £'000
Racecourse Stadium / Colliers Park Leases				
Receiveable during the year	-	130	130	100
Future minimum lease receipts due:				
Not later than 1 year	-	130	130	130
Later than 1 year and not later than 5 years	-	520	520	520
Later than 5 years	1,652	10,138	11,790	11,920
Total lease receipts due	<u>1,652</u>	<u>10,788</u>	<u>12,440</u>	<u>12,570</u>

As at 4th June 2018 the University entered into a development agreement and 99 year full repairing finance lease with the Football Association of Wales to lease Colliers Park training ground. The training ground asset has been removed from fixed assets and is now represented above. The lease has an implicit interest rate of 9.9% with annual payments of £30,000 over the 99 year term. The present value of total lease payments is £302.4k.

As at 1st August 2016 the University entered into a 99 year full repairing finance lease with WST Assets Limited, Wrexham AFC Limited and Wrexham Football Supporters Society Limited to lease The Racecourse football stadium. The stadium asset has been removed from fixed assets and is now represented above. The lease has an implicit interest rate of 7.4% with annual payments of £100,000 over the 99 year term. The present value of total lease payments is £1,350k.

Notes to the Accounts

Year Ended 31 July 2020

19 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Glyndwr Innovations Ltd	Consultancy, comercial technical contracts, incubation	100% owned
North Wales Science	Science discovery centre	Limited by guarantee
Glyndwr Services Ltd	Provision of security and combined facilities support activities	100% owned

All of the above subsidiaries operate to the same financial year end as the University.

A new wholly-owned subsidiary, Glyndwr Services Limited was incorporated on 1st August 2019. The principal activity of the company is private security activities and combined facilities support activities.

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees.

Payments are made to the Teachers' Pension Scheme (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-academic staff and the Universities Superannuation Scheme for pre-existing members. These are all independently administered schemes.

The total pension cost for the period was £4,683k (2019- £4,307k). The expected costs for 2019/20 for the LGPS are £3,561k finance charge and £1,557k contributions in addition to contributions to TPS and USS schemes.

(i) Teachers Pension Scheme

The Teachers' Pension Budgeting and Valuation Account

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set as 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

(ii) The Universities Superannuation Scheme

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.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes

(ii) The Universities Superannuation Scheme (continued)

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

Pension Costs

The total cost charged to the Consolidated Statement of Comprehensive Income is £208,703 (2019: £1,764) including PensionChoice, but excluding the impact of the change in the deficit recovery plan, as shown in notes 6 and 7.

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. A valuation as at 31 March 2020 is underway but not yet complete.

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

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

Due to the small number of members the University has in the scheme an indicative estimate of the crystallisation of the Section 75 debt was sought from USS. Estimated Section 75 debt as at 31 July 2019 - Glyndwr University's proportion of the whole scheme debt; i.e. 0.00521% of £64.0bn was £3.3m.

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

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.

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% by year 21
 Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Pre-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CML 2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2020	2019
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 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	1.60%
Pension increases (CPI)	2.50%	2.00%

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes (continued)

(iii) LGPS

(Retirement Benefits) Disclosure for the accounting period ending 31 July 2020

The following information is based upon the last formal triennial actuarial valuation of the scheme was performed as at 31 March 2019 and updated at 31 March 2020 by an independent qualified actuary.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2020 %pa	At 31 July 2019 %pa
Discount rate	4.15%	4.20%
Price Inflation (CPI)	2.40%	2.20%
Rate of increase in salaries (short term - for 4 years)	2.00%	1.00%
Rate of increase in salaries (long term)	3.65%	3.45%
Rate of increase of pensions in payment for LGPS members	2.40%	2.20%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and (female) members at age 65.

	Years
Life expectancy for a male aged 65 now	22.4
Life expectancy at 65 for a male aged 45 now	24
Life expectancy for a female aged 65 now	24.8
Life expectancy at 65 for a female aged 45 now	26.8

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes (continued)

Scheme assets for LGPS

	Year Ended 31 July 2020 £'000	Year Ended 31-Jul-19 £'000
Analysis of the amount shown in the balance sheet for LGPS :		
Scheme assets	54,776	54,719
Scheme liabilities	(93,333)	(83,179)
Deficit in the scheme – net pension liability	(38,557)	(28,460)
recorded within pension provisions (Note 17)		
Current service cost	2,576	2,000
Administration expenses	57	81
Past service cost (loss)	173	625
Effect of curtailments	431	-
Total operating charge:	3,237	2,706
Analysis of the amount charged to interest payable/credited to other finance income for LGPS		
Interest cost	1,816	1,949
Expected return on assets	(1,212)	(1,469)
Interest on net deficit	-	-
Net charge to other finance income	604	480
Total profit and loss charge before deduction for tax		
Analysis of other comprehensive income for LGPS :		
Gain on assets	2,208	(2,273)
Experience loss on liabilities	17	0
Loss/(gain) on liabilities	6,353	11,983
Total other comprehensive income before deduction for tax	8,578	9,710

Notes to the Accounts

Year Ended 31 July 2020

20 Pension Schemes (continued)

	At 31-Jul 2020 £'000	At 31-Jul 2019 £'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	(2,752)	6,958
Cumulative actuarial losses recognised at the end of the year	(11,330)	(2,752)
Analysis of movement in surplus/(deficit) for LGPS		
Deficit at beginning of year	(28,460)	(17,549)
Contributions or benefits paid by the University	2,322	1,985
Current service cost	(2,576)	(2,000)
Past service cost	(173)	(625)
Administration expenses	(57)	(81)
Curtailments	(431)	0
Other finance charge	(604)	(480)
(Loss)/gain recognised in other comprehensive income	(8,578)	(9,710)
Deficit at end of year	(38,557)	(28,460)
	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Analysis of movement in the present value of LGPS		
Present value of LGPS at the start of the year	83,179	67,768
Current service cost (net of member contributions)	2,576	2,000
Interest on member liabilities	1,816	1,949
Curtailments	431	0
Actual member contributions (including notional contributions)	486	474
Past service cost (GMP)	173	625
Experience loss	17	0
Actuarial loss	6,353	11,983
Actual benefit payments	(1,698)	(1,620)
Present value of LGPS at the end of the year	93,333	83,179
	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	54,719	50,219
Interest on plan assets	1,212	1,469
Administration expenses	(57)	(81)
Remeasurements (assets)	(2,208)	2,273
Actual contributions paid by University	2,322	1,985
Actual member contributions (including notional contributions)	486	474
Actual benefit payments	(1,698)	(1,620)
Fair value of scheme assets at the end of the year	54,776	54,719

LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

The University Group acts as guarantor for the LGPS payments of those staff that were transferred under TUPE to Aramark Ltd and those staff employed by the Students Union

Notes to the Accounts

Year Ended 31 July 2020

21 Events after the reporting period

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of the impact though, between £0.96m and £0.22m increase in pension provision is expected to be required (£0.12m release in 2019-20).

Due to the small number of employees in the USS scheme ongoing payroll contributions would not be materially impacted. However, this is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019-20 financial year however, this is considered a non adjusting event.

During September 2021, two land sales have been completed by the University Group realising cash proceeds of £9.3m to increase held cash reserves. The current asset holding values for the sites are £3.3m which will result in a significant profit on sale during the 2021/22 financial statements.

22 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Board of Governors may have an interest.

No Board of Governors member has received any remuneration/waived payments from the group during the year (2020 - none).

All transactions involving organisations in which a member of the Board of Governors, their closely related family members or dependants may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. All members of the Board of Governors and senior post holders are required annually to declare any interests and disclose all related party transactions, where appropriate.

The Institution has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

Included within the financial statements are the following transactions with related parties :

	Income £'000	Expenditure £'000	Balance at 31 July 2020 £'000
Mr Askar Shiebani - Deeside Business Forum Ltd	0.0	1.0	0.0
Unit 108, 10th Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2UA			
Mr Askar Shiebani - North Wales Science	(1.3)	0.6	0.0
Plas Coch Campus, Mold Road, Wrexham, LL11 2AW			
Mr Askar Shiebani - CBI Wales	0.0	3.4	0.0
2 Caspian Way, Cardiff CF10 4DQ			
Mr David Subacchi - Wrexham County Borough Council	(15.6)	147.7	(14.6)
The Guildhall, Wrexham, LL11 1AY			
Mr Paul McGrady - Clwyd Alyn Housing Association	(3.4)	0.0	0.0
72 Ffordd William Morgan, St Asaph Business Park, St Asaph, Denbighshire, LL17 0JD			
Mr Paul McGrady - Denbighshire Leisure Ltd	(0.5)	0.0	0.0
8-11 Trem Y Dyffryn Colomendy Industrial Estate, Denbigh, Wales, LL16 5TX			
Mrs Celia Jenkins - University of Chester	0.0	1.6	0.0
Parkgate Road, Chester, CH1 4BJ			
Mrs Judy Owen - St Kentigern Hospice	0.0	0.3	0.0
Upper Denbigh Road, St Asaph, Denbighshire, LL17 0RS			
Ms Ebony Banks - Wrexham Glyndwr's Students' Union	(3.3)	360.6	0.0
Wrexham Glyndwr University Plas Coch, Mold Road, Wrexham, Wales, LL11 2AW			
Mrs Claire Homard - Flintshire County Council	(11.5)	360.4	0.0
County Hall, Mold, Flintshire CH7 6NB			
Ms Chloe Williams - Wrexham Glyndwr's Students' Union	(3.3)	360.6	0.0
Wrexham Glyndwr University Plas Coch, Mold Road, Wrexham, Wales, LL11 2AW			