



# Annual Report and Financial Statements

Year ended 31 July 2014

PRIFYSGOL

**glyndwr**  
UNIVERSITY





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# Foreword



*“This year has seen a number of considerable achievements for the University.”*

A handwritten signature in black ink, which appears to read 'Jon Shortridge'. The signature is written in a cursive style with a long horizontal stroke at the end.

**Sir Jon Shortridge**  
Chancellor and Chair of Governors

Glyndwr University is an entrepreneurial and community based university dedicated to the social and economic development of North East Wales and to promoting the employability of its graduates. It seeks to contribute to the economic prosperity of the region while ensuring that the opportunities afforded by higher education are available to all who are able to benefit from it.

This year 2013/14 has seen a number of considerable achievements for the University. It rose a remarkable 44 places in the Guardian University League table to 64th place, a tremendous achievement for a University which has only existed since 2008. Other publications highlighted different strengths of the University, which are detailed elsewhere in this report.

Academically the University has made considerable progress as outlined in the Vice-Chancellor's welcome. Its research profile has risen as its world leading

research into ultra-precision surface engineering continues apace. It was this research that in 2011 caused David Cameron to describe Glyndwr University as a world leading university during a visit to Moscow.

The decision of the Home Office in June 2014 to suspend the University's HTS licence caused significant problems for the university, but those issues have now been resolved and the licence restored.

The University's graduation ceremonies, both in Wrexham and in London, provide a regular reminder to me of the real purpose of the University. The hundreds of graduands who cross the stage each year have invested considerable time, effort and money into earning their awards. Seeing their expressions of pride and those of their families and friends is one of the highlights of my year. We are fortunate that the location of these ceremonies provides a fitting background to these important days for our graduates.

Behind the success of the University lie its staff, students and governors and I would like to pay tribute to them all for their hard work over the year.



# Welcome from the Vice-Chancellor



*“All this work was recognised with Glyndŵr University rising 44 places in the Guardian University League Tables.”*

**Professor Graham Upton DL**  
Vice-Chancellor and Chief Executive

2013/14 was a challenging year for Glyndŵr University, but one in which the University showed considerable courage and dedication. It saw the University undertake a number of far reaching changes aimed at strengthening the University's ability to respond effectively to the demands of the market. This is against the background of one of the most fundamental reforms of the HE sector in 50 years. Not least of these changes of course was the departure of my predecessor as Vice-Chancellor, Professor Michael Scott. I would like to pay tribute to Professor Scott for all his hard work and for the many successes the University enjoyed under his leadership, not least the establishment of the University in 2008. My role is to build on the strong foundations left by Professor Scott to ensure the University can deliver the high quality higher education the region needs.

As this Annual Review and Financial Statement demonstrates we are an asset rich university and our challenge remains to make the best use of those assets to support our work in and for the region.

2013/14 saw a record number of applications and enrolments at Glyndŵr University. At a time when recruitment was falling at other universities Glyndŵr saw a 37% increase in enrolment in September 2013. This success was the result of a redoubled effort on the part of staff and the University's successful entry into new markets offering new, exciting and industrially relevant courses. The University has also maintained its existing markets despite intense competition. As part of this it has developed further its links with the further education sector across North and Mid Wales and entered new partnerships with FE colleges in England, allowing easier progression of students into higher education.

The University has continued in its vision to be a market led student centred university of international significance which is open to all. Across the University action has been taken to strengthen the student voice, enhance the student experience and develop and consolidate links with industry. All this work was finally recognised in the newspapers' university league tables with Glyndŵr University

rising 44 positions to 64th place in the Guardian University League Tables.

Other publications throughout the year demonstrated a number of other strengths of the University, including:

- It has the highest spend per student in Wales.
- Its graduates continue to attract the second highest average graduate starting salary in Wales.
- It has among the highest proportions of mature students in the UK
- It came 7th across the UK for the social mobility of its graduates
- It has the highest proportion of students in Wales from more economically deprived areas

The year also saw significant increases in the number of students graduating at different levels across the University compared to the previous year. In particular:

- the number of students graduating with a first degree increased by 18%
- the number obtaining a postgraduate taught degree increased by nearly 10%
- the number obtaining a doctorate increased by 55%
- the number of students obtaining first class or 2.1 degrees rose by 21%.

The year also saw the appointment of new Heads of Academic Divisions. These individuals, all with considerable professional experience outside Higher Education, will focus their academic areas on meeting the needs of the market. This means not only meeting the requirements of existing and potential students but also demonstrating to employers and local businesses how collaborating with a university can be of benefit to them. These industrial links even extend to involving businesses in the development and often the delivery of academic programmes, thereby further strengthening the industrial relevance of the University's academic portfolio.

At the same time a system of champions across the University covering different aspects of the University's work, such as the student experience and research, help to ensure that the needs of all the students are being fully met.

The financial impact of the temporary suspension of the University's HTS licence has been significant and posed a number of challenges in the year ahead. Now that the licence has been restored the University is working hard to build up its international work both in Wrexham and in the University's new site in London.

The University is now in a stronger position to face the challenges that lie ahead, confident it has the support and dedication not only of the staff, students and governors of the University, but also of the wider community the University serves.





# Governors and Trustees of the University

The following people serve as Governors and Trustees of the Charity and each year they sign a declaration of interests which is made publically available on the University's web site.

|  |   | Date of appointment            | Date of expiry of office |
|--|---|--------------------------------|--------------------------|
| Independent members  | Sir Jon Shortridge KCB <sup>1</sup>                               | 19/10/12                       | 13/12/18                 |
|  | Mr Derek Griffin <sup>2 3</sup>                                   | 02/04/09                       | 14/03/17                 |
|  | Mrs Colette Bleakley  | 04/10/11                       | 03/10/16                 |
|  | Mr Mervyn Cousins MMus BMus PGCE                                  | 22/04/10                       | 21/04/16                 |
|  | Ms Julia Grime LLB ACA  | 22/04/10                       | 21/10/16                 |
|  | Mr Graham Hillier   | 19/10/12                       | 18/10/18                 |
|  | Mr David Howard BSc (Hons) ACII                                   | 22/04/10                       | 21/04/16                 |
|  | Mr Ian Morris   | 12/12/14                       | 11/12/15                 |
|  | Mr Bruce Roberts BSc BA FCA <sup>4</sup>                          | 01/09/09                       | 31/08/16                 |
|  | Professor Norman Sharp OBE  | 19/10/12                       | 18/10/18                 |
|  | Mr Vincent Ryan LLB   | 01/05/11                       | 31/08/14                 |
|  | Mr Ian Williams   | 01/09/09                       | 31/08/14                 |
|  | One co-opted member with experience of the provision of education | Mr John Kenworthy <sup>5</sup> | 22/09/09                 |
| Vice-Chancellor (ex officio)                               | Professor Michael Scott DL BA MA PhD FRSA                         | 01/01/01                       | 31/03/15                 |
|  | Professor Graham Upton <sup>6</sup>                               | 02/02/15                       | 31/10/15 <sup>7</sup>    |
| Academic staff governor (nominated by Academic Board)      | Ms Pam Hope BSc DipN PGCE RGN RNT                                 | 14/12/07                       | 13/12/13                 |
| Academic staff governor (elected)                          | Mrs Kate Wagner BSc, BA, FHEA                                     | 14/12/13                       | 13/12/16                 |
| Operational Staff Governor (elected)                       | Mrs Karen Lennox  | 30/09/11                       | 29/09/14                 |
|  | Mrs Joanne Corless  | 01/12/14                       | 30/11/17                 |
| Student Governor (President of Students' Guild) ex officio | Mr Luke Murphy  | 01/07/13                       | 09/01/14                 |
| Student Governor (Vice President of Students' Guild)       | Ms Penny Anderson <sup>8</sup>                                    | 01/07/13                       | 30/06/15                 |
|  | Mr Marc Caldecott   | 01/07/14                       | 30/06/15                 |

<sup>1</sup> Chair of the Board of Governors from 14/12/12: Chair of the Nominations Committee

<sup>2</sup> Vice Chair of the Board from 15/03/11

<sup>3</sup> Chair of the Strategy and Finance Committee

<sup>4</sup> Chair of the Audit Committee

<sup>5</sup> Chair of the Human Resources Committee

<sup>6</sup> The Board of Governors engaged Professor Upton to start prior to the end of the former Vice-Chancellor's employment due to the latter having taken sabbatical leave between 01/01/15 and 31/03/15

<sup>7</sup> The Board of Governors will review this date with the Vice-Chancellor in due course with the possibility of a mutually agreeable extension

<sup>8</sup> President of Students' Guild from 01/07/14



# The University

*The University's origins can be traced back to 1887 when the Wrexham School of Science and Art first began delivering education.*

There were several name changes before, in 2008, the North East Wales Institute of Higher Education became Glyndwr University, making it one of the youngest universities in the UK.

Named after the Welsh scholar and hero Owain Glyndwr, the University has since established itself as a distinctive and innovative regionally-based university with an international profile.

Glyndwr delivers higher education to the people of north east Wales, thus playing a crucial role in the social, economic and cultural life of the region.

The University works closely with local employers to ensure that they have access to a suitably skilled and qualified workforce as well as providing research and development services in specialised areas. Key partnerships with industry heavyweights including Carillion, UPM Shotton and Toyota reinforce a new operational and academic structure aimed at strengthening the student experience and commercial ties.

The University has also gained a strong international profile and reputation with extensive links and partnerships throughout the world, attracting significant numbers of international students and important investment to the University and the wider region.

Glyndwr University is widely recognised as one of the UK's leading universities for supporting students from lower socio-economic backgrounds, encompassing its mission to be 'open to all'.

The University's commitment to partners and students led to a 44-place rise up the Guardian University Guide 2015 league table, and a number one ranking in Wales (seventh in the UK) in the proposed Social Mobility Graduate Index, for getting people from poorer backgrounds into jobs.

The Good University Guide also showed Glyndwr University having the highest spend per student of any university in Wales, 27% higher than the Welsh average across the past two years.

Some 8,500 students now study with the University across its five locations at Hawarden, London, Northop, St. Asaph and Wrexham. Approximately 15% of these are studying at postgraduate level.

The University is also providing significant financial and social benefits to the local economy and employing hundreds of staff. Glyndwr has attained world-leading research excellence in Optics, Informatics and Composites, gaining widespread acclaim and recognition with its involvement in the European Space Observatory (ESO) project.

## Charity information

Glyndwr 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

National Westminster  
Bank plc  
33 Lord Street  
Wrexham LL11 1LP

### External Auditors

KPMG LLP  
1 The Embankment  
Leeds LS1 4DW

### Internal Auditors

Baker Tilly LLP  
Festival Way  
Festival Park  
Stoke-on-Trent ST1 5BB

# Charitable status & public benefit

*Glyndŵr University is a registered charity under the terms of the Charities Act 2011.*

The objects of the University are those set out in the Education Reform Act 1988, namely:

- to provide higher education
- to provide further education
- to carry out research and publish the results of research or any other material arising out of or connected with it in such a manner as the corporation thinks fit.

As with all charitable higher education institutions (HEIs) in Wales, the University is registered with the Charity Commission and is subject to the regulatory requirements of the Commission, including the submission of annual accounts, an annual return and summary information return.

HEIs in Wales are autonomous bodies which are independent of government. They receive their income from a number of sources, including from student fees, through research projects and by generating business. However, HEIs in Wales also receive a portion of their income from public funds.

The Higher Education Funding Council for Wales (HEFCW) distributes these public funds from the Welsh Government and acts as an intermediary between the HE sector and the government.

The Welsh Government also provides the context for developing higher education in Wales through, for example, setting up the student fees and finance framework, and devising strategies for HE in Wales.

## The University's Mission and Vision

The University's mission is to be a "market led, student centred university of international significance open to all" and through its vision statement it aims "to become indispensable as a significant, relevant and expert partner in regional and national economic and social development".

The mission and vision both inform the University's strategic plan which is also influenced by the University's core values, which are:

- respect for the individual, for the expression of ideas and the pursuit of knowledge;
- educational, academic and professional integrity;
- care for students, colleagues and customers and the anticipation of their needs and requirements;
- organisational commitment to the pursuit of excellence and loyalty to the University as a community of learning

## Public Benefit

The beneficiaries of the University are many and varied. They range from undergraduate and postgraduate students, from all sections of society, to industrial partners, the public sector and the community at large.

Students are the principal beneficiaries. They gain from participating in the teaching and research of the University, which prepares them for meaningful and rewarding careers. The University's focus on an applied and practical education linked to employers' needs has resulted in the University having one of the best employability rates in Wales for its graduates and a graduate starting salary that is considerably higher than the Welsh and UK averages.

The University has worked hard to ensure that the educational opportunities offered by higher education are available to everyone with the potential to benefit regardless of their background.

Some 48.8% of Glyndŵr's first year full-time undergraduate UK students are from social classes 4, 5, 6 and 7. The University is also active in the Communities First areas.

Just over 21% of the University's young full-time undergraduate entrants are from Low Participation Neighbourhoods.



Almost without exception (99.1%) of the University's students are from state schools. The University also has one of the highest proportions of mature students of any university in the UK.

Benefits to students apply not only to those at the University's Wrexham campus but also to those in other campuses and those working at distance from the University. Students at partner institutions, including further education colleges, also benefit from engagement with the University.

Staff at the University benefit through their engagement in the research and scholarly activities of the University. This helps to ensure their knowledge and skills are kept up to date and their academic and professional reputations within the UK and internationally are enhanced.

The staff also benefit from collaboration with academics in other universities within the UK and internationally. There are also benefits to staff at the partner institutions from engagement with Glyndwr University staff.

The University organises an extensive range of community and outreach activities, including exhibitions, public and professional lectures, concerts, performances and other events. The public and professional lecture series has attracted large numbers of visitors during 2013/14 and a new programme

of art exhibitions at the University's Sycharth Gallery has attracted considerable attention within the community.

Other beneficiaries of the University include industrial partners who benefit from the applied research being undertaken by the University, and the public sector, including the health service, which benefits from the highly skilled graduates who seek employment following the end of their courses at the University.

Community and professional organisations are able to use the University's expertise and facilities for their benefit and many sporting clubs have based themselves on the Wrexham campus in order to avail themselves of the facilities on offer at the University's Sports Centre.

Alumni, fellows and friends of the University also have the opportunity to engage with the University on a regular basis. Specific benefits to the UK and Welsh Governments as well as the wider community also come through the University's activities in transforming the economy of north east Wales, making it an attractive location for inward investment and providing and supporting a highly skilled workforce.

The University's work with FE colleges is vital to realising its mission and vision. It allows students from all parts of mid and north Wales to have access to higher education often

through the FE colleges. The University responds to the needs of employers, identifies gaps in provision and offers programmes for the benefit of the country.

### Widening Access and Admissions

Widening access is an integral part of the character of Glyndŵr University. Its Widening Access Strategy is founded on a commitment to providing socially inclusive, fair and supportive access to higher education, and to breaking down the barriers to accessing Higher Education for both young and older students from disadvantaged sectors of society.

The University believes that higher education should be available to all who can benefit from it. This includes both enrolled students and also those members of the wider community who wish to access the expertise and facilities on the campus.

Widening access and participation is embedded across all areas of the University so as to ensure that it remains integral and continues to be the routine work of the institution. This forms an essential element in the relationship between Glyndŵr University and its learners and potential learners both within the local community and further afield.

The University serves the needs and interests of wider

communities and acts as an agent of social cohesion. This includes supporting activities aimed at making north east Wales an attractive prospect for international investment through the promotion of the valuable knowledge-based economic workforce, and the creation of an internationally focused community valuing cultural diversity and integration. Glyndŵr University believes it has an important role to play in the transnational exchange of knowledge and experience.

The University's admissions team, study support team and programme teams are working together to identify students in need of additional learning support, from the student's point of entry and throughout their time at Glyndŵr University.

Out and About campaigns have been revised to target students more effectively from Communities First areas and Low Participation Neighbourhoods as well as those with disabilities and other protected characteristics.

### Student Support

Students are prepared and supported on entry to enable them to participate with confidence in their studies and be successfully retained in higher education.

Students from all backgrounds and of all ages have access to effective academic and pastoral support including

study support, and other forms of career/financial support to ensure that they are encouraged to reach their full potential.

Emphasis is placed on the enhancement of the student experience and the retention of students. An effective and strengthened student voice enables feedback and ongoing enhancement of learning and teaching.

Tuition and financial policies were introduced to support access to and affordability of participating in Higher Education for the people of Wales. A differentiated fee scheme was introduced with the approval of the Board of Governors and a range of scholarships and bursaries are made available to many students.

The Glyndŵr University bursary is available to all full-time undergraduate students from the UK who meet the base criteria. In addition, Glyndŵr University has several bursaries and scholarships it has awarded to assist gifted students.

In line with the Frank Buttle Trust accreditation, a care leaver scholarship is offered of £1,000 per year of study to qualifying care leavers. The Disabled Students' Allowance (DSA) helps with costs incurred as a direct result of a student's disability. In 2013/14, 677 undergraduate students were in receipt of the DSA.

A Financial Contingency Fund is also in place to provide financial help to students who face difficulties in meeting their living costs. There were 272 awards made from this fund in 2013/14. In addition the University administers a charitable trust fund from Thomas Howell's Educational Trust which is available to eligible first year students. In 2013/14 the University had 97 applications.


### Engagement with Schools and the Community

The University engages on a weekly basis with school and FE learners and the community through the delivery of a range of activities such as subject taster days, and with local industry offering for example STEM awareness sessions.

Increasing numbers of schoolteachers are engaging with the University, becoming actively involved and aware of the particular role that staff from the University can provide. Introductory sessions to Higher Education are arranged in both English and Welsh and delivered to schools in both communities.

Community engagement takes a number of forms at the University. Certain events are arranged throughout the year to which the public is invited. These include the public lectures and exhibitions at the Sycharth Gallery.

The University engages with civic leaders at many levels.



The Vice-Chancellor has regular meetings with community leaders. Members of the Vice-Chancellor's Board and staff also engage with the community. The University engages with Local Service Boards in the three counties of north east Wales and has senior managers with responsibility for developing and maintaining links within those counties.

University staff also play important roles within community organisations as school governors and as members of organising committees for a wide range of groups and events.

### Research

As a community-based university, Glyndŵr University is focused on the economic and social development of its region; that ethos is reflected in its research as much as in its learning and teaching. The University's research is predominantly applied in nature, designed to produce benefits directly and indirectly for the economy and for society.

In 2013/14 work continued on the prototype mirrors for the world's largest telescope, with the project expected to be completed by the autumn of 2015. The European Southern Observatory's Extremely Large Telescope will be located in South America, but, if the University is successful in their development, the mirrors may in part be made in North Wales.

### Conclusion

Glyndŵr University has a specific role in society. That role is clearly articulated not only in its vision and mission, but more particularly in all its actions. Its concentration on vocationally relevant programmes and applied research bring significant public benefit through its core activities, and its role in the community through public events and specific initiatives provide benefit to the wider community through its secondary activities.

The University's Board of Governors as trustees of the University have complied with the duty in section 17 of the Charities Act 2011 having had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

# Strategy, progress & risk management

*Glyndŵr University aims to be a leading new University of and for Wales in the Twenty-First Century.*

The strategic plan for 2014/19 is firmly grounded in the vision and mission of the University which sets a clear framework for its distinctiveness and position within Wales, UK and internationally.

It has been designed to address Welsh Government aims for the higher education (HE) sector, as outlined in the Welsh Government Policy Statement

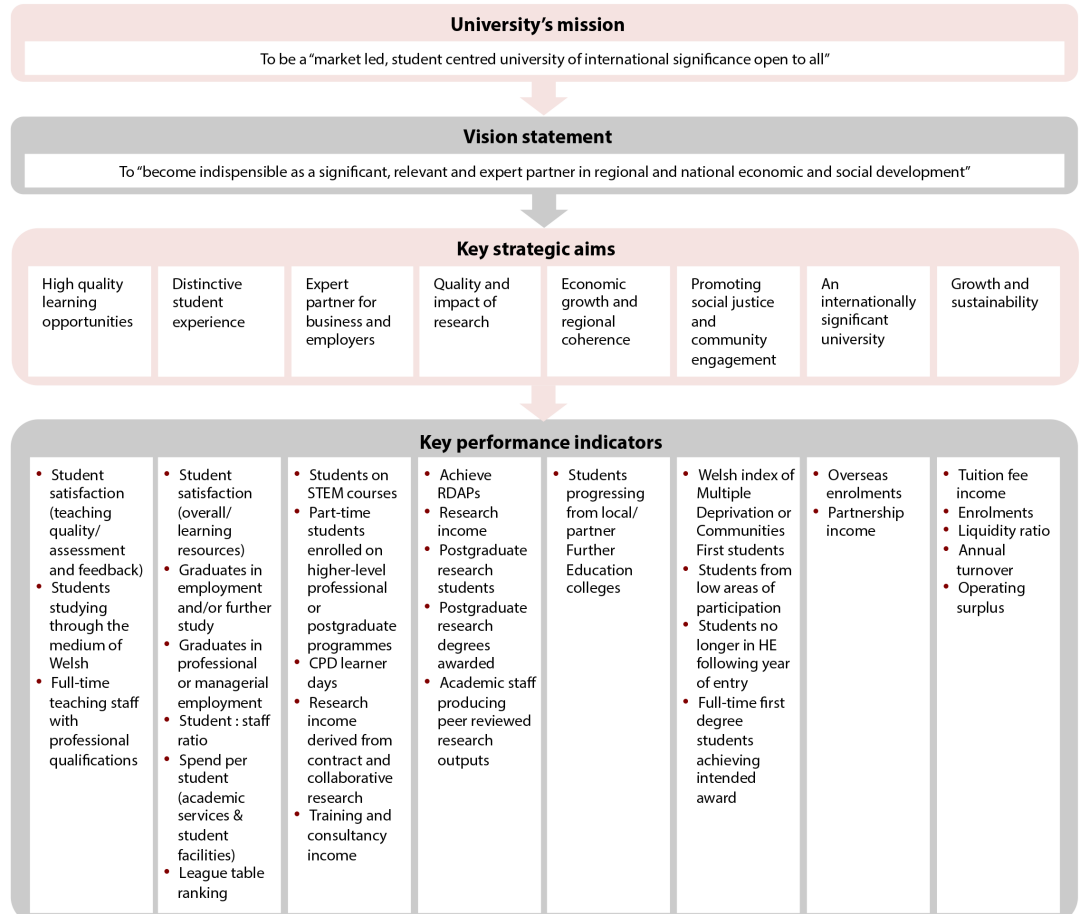
on HE (June 2013) and the HEFCW Corporate Strategy (May 2013).

The plan has been formulated at a time when increased uncertainty is prevalent across the UK HE sector in terms of the increased marketisation of HE arising from the new fee regime and the diverging HE policies adopted by the devolved administrations.

It builds on outcomes from key engagements - Institutional Review, the Review of HE in North East Wales, Developmental Review of Foundation Degrees, and the application for Research Degree Awarding Powers – underpinned by a commitment to ensure long-term growth and sustainability.

## Key strategic aims

The strategic plan has eight key strategic aims which are denoted below:





### Enabling strategies

To deliver its strategic priorities Glyndŵr University will:

- Increase UK, EU and international student numbers on a sustainable and planned basis;
- Improve its ranking in national league tables;
- Ensure that the University is financially healthy on a long-term sustainable basis through increased income, greater business effectiveness and through enhanced operational efficiencies;
- Secure higher levels of student satisfaction and work towards continuous improvement of the quality of learning opportunities for all students;
- Develop high quality and sustainable partnerships with selected providers in the UK and internationally;
- Achieve Research Degree Awarding Powers (RDAPs) and continue to build its profile for internationally-recognised excellence in niche areas of applied research and innovation;
- Develop and strengthen curriculum to ensure that it meets the needs of business and industry for highly skilled graduates, and ensure also that it is delivered effectively on a flexible basis to students of all ages and backgrounds;

- Work with regional institutions and organisations to support regional economic and social development, specifically to support the education and advanced training needs of north east Wales and expansion of progression opportunities from Further Education to Higher Education;
- Continue to develop and strengthen its contribution to widening access and support for social justice, and to work to enhance community engagement through education, sport, science and arts.

### Progress

The University's key performance indicators for 2013/14 reflected the areas of focus for the Board of Governors throughout the period namely:

- Academic standing;
- Market share;
- Financial health.

The most recent data in these areas demonstrates the following changes/achievements:

- The National Student Survey scores have been consistent across the past four years rate although the 2014 score fell to 78% (2013 82%);
- Graduate employment improved to 89.7% (2013 87.8%);

- Total student numbers rose to 6,198 (2013 5,281) due to the growth in the London campus;
- Total group turnover rose to £48.8m (2013 £43.9m).

### Principal risks and uncertainties

Significant risks to the University are regularly assessed with reference to a risk register agreed by the University's Risk Management Advisory Group and the Board of Governors. The University has embedded risk management procedures within its culture, enabling it to respond to new threats and opportunities and to the potential impact of a number of major risks.

Given the importance of recruitment to the attainment of the University's financial stability outlined in the strategic plan, the two major risks identified are the:

- Risk of not achieving enrolment targets for home/EU students;
- Risk of not achieving enrolment targets for international students.

#### Risk of not achieving enrolment targets for home/EU students

Full-time recruitment risks are being mitigated by a number of key measures including increased focus on conversion activity; enhanced outreach, marketing and recruitment



activity; additional open days to engage late applicants; relationship building with Further Education (FE) colleges; increasing admissions-specific progression agreements with English FE colleges; and developing course-specific details on UCAS.

Measures to mitigate part-time recruitment risks include increased marketing and recruitment activity; greater focus upon the part-time portfolio; and increasing the awareness of student loans that are now available for equivalent and lower-level qualifications as mature students look to reskill.

For part-time enrolments, priority will be accorded to the development and delivery of part-time and short course provision which meets the needs of regional industry and employers.

The University was successful in meeting its full-time UK/EU undergraduate targets for 2013/14.

Significant focus on marketing and recruitment, coupled with a redesign of the academic offering, helped achieve a 37% increase in undergraduate enrolments compared to the prior year (2012/13).

Against a background of declining recruitment numbers at other universities, it is pleasing to report that undergraduate enrolment targets for 2014/15 have once

again been met following a 12% increase in applications. Recruitment to part time programmes has also been encouraging in the context of new fee levels and funding opportunities for students.

#### **Risk of not achieving enrolment targets for international students**

The suspension of the University's highly trusted status (HTS) for Tier 4 international students in June 2014 has led to a review of the University's international operations at both its Wrexham and London campuses.

Planned recruitment from 2015/16 onwards recognises significantly lower levels of enrolments as the University moves into different geographical recruitment markets.

As such, and given the importance of overseas recruitment to the University's financial stability, the recruitment strategy for the university has the following risk mitigations:

- Diversification of portfolio;
- Diversification of modes of delivery;
- Strategic and targeted approach to markets;
- Further development and strengthening of licensing arrangements with agents and recruitment-directed professionals;

- Further strengthening and embedding of administrative processes to support programme operation and support for students across the student life-cycle;

- Further development of academic delivery and support arrangements to ensure appropriate and robust oversight of standards and quality of learning opportunities available to students and to support student retention and academic success;

- Further development and embedding of financial processes and oversight to support business processes and ensure financial growth and sustainability.

#### **Other risk factors**

The University is also facing a number of other pressures and challenges as it bids to meet student number targets; student fee levels, wage inflation and the need to support the student experience and fund improvements to teaching facilities.

The affordability of pensions is one key issue facing the sector. The Universities Superannuation Scheme (USS), which a large proportion of universities are part of, has a forecast deficit estimated to be £13 billion. From 2015/16 universities will have to hold

this liability on their balance sheets for the first time. As at 31 July 2014 the University only had 19 employees who were members of the USS scheme.



# Report of the Board of Governors

The strategic development of the University is set out in the University's strategic plan, the latest version of which covers the period 2014/19. Within the plan there is a series of key performance indicators against which the progress of the University is measured. These strategic objectives align closely with the policies and priorities of the Welsh Government.

## **Economic Development**

Glyndŵr University and its predecessor colleges were all established in response to the economic needs of the people of North East Wales and have reflected the changing economic profile of the region. The University's contribution to the economic development of the region is therefore a central feature of all the University's strategic developments.

## **Responding to the economic needs of the region**

The commitment to meeting the economic needs of the region formed the basis of the University's A55 Knowledge Industry Corridor strategy. This was produced in 2009 and set out a vision of a number of University sites along the A55 each dedicated to a different aspect of economic development. These included work on Optics in St Asaph, composite engineering in Broughton, rural development in Northop and the creative industries and the child and family in Wrexham. In each of these areas considerable progress has been made and

all sites are well established and contributing to the local economy.

Among the recent developments at these sites is the establishment of the National Facility for Ultra Precision Surfaces in St Asaph. This has involved the development and implementation of machining and metrology processes designed to meet the requirements of the European Southern Observatory as the project on the polishing of the mirrors for the largest telescope in the world nears its completion.

The work at Broughton has also been strengthened. In this case, it is through links with the Advanced Manufacturing Research Centre with Boeing in Sheffield and the National Composite Centre in Bristol. In addition to working with multinational companies the University has maintained its links to local businesses and engaged with over 500 companies during the year to provide training or research services and its links with professional bodies and with economic development agencies were strengthened further.

For Glyndŵr University the region is no longer just North East Wales. The University's campus in London means that the University is now active in another region with its own distinct economic and social needs.

By being present in London the University is also able to utilise the availability of the financial expertise of the City in its business programmes. Similar external expertise is being used in other subjects.

### **Developing higher level skills**

Industrial links are crucial to the maintenance of the University's excellent graduate employment record. They help to ensure that the Glyndŵr Graduate has the skills employers need and can make a positive contribution to the success of their employers' business from the day they start. The attributes of the Glyndŵr Graduate that appeal to employers have been clearly identified and are embedded in the University's programmes. This is an important factor in ensuring that Glyndŵr graduates have the highest average graduate starting salary in Wales after Cardiff. It has also meant that the University has been able to maintain excellent graduate employment rates despite the loss of pre-registration nursing and initial teacher training.

Increasingly employers are now demanding postgraduate studies and the academic year 2013/14 saw a further increase in the number of taught postgraduate students in the University and produced a record number of students obtaining doctorates.

### **Preparing the future labour market needs**

It is not just about ensuring that graduates have the skills employers want now but also in ensuring that employers of the future have a workforce that meets their needs. Engineering has led the way in this area having developed a number of programmes directed by employers and delivered partly in the workplace. Other sectors have followed suit with new provision in healthcare management, journalism and library and information management all developed and delivered in close collaboration with the relevant industries.

### **Social Development**

Economic development alone is not sufficient to meet the social justice aspirations of the Welsh Government. Government reports, especially the Welsh Index of Multiple Deprivation, consistently highlight the considerable levels of social deprivation within North East Wales, especially within certain communities in Rhyl and Wrexham. Alleviating that deprivation is a priority for the University and it has gained an excellent reputation as one of the UK's leading exponents of widening participation.

### **Widening Participation**

By nearly every measure used the University is demonstrating its success in engaging disadvantaged sections of

society in higher education. It has the highest proportion of students in Wales from NS-SEC classes 4, 5, 6 & 7; the highest proportion from low participation backgrounds, the highest proportion from state schools and one of the highest proportions of mature students in the UK. Yet it still produces graduates who are in great demand from employers.

The Centre Forum recently published a report on Higher Education as a tool for Social Mobility. The report, written by Professor Michael Brown of Liverpool John Moores University, contained a Social Mobility Graduate Index. This was designed according to the report to indicate the success of individual universities in priming all students to achieve professional graduate employment, but also recognises that the achievement of (and the effort to achieve) professional employment for students from low POLAR3 (high disadvantage) backgrounds is greater. It is very much a measure of output success in achieving professional careers for all graduates but especially those from disadvantaged backgrounds. The Index ranked Glyndŵr University as seventh across all the universities in the UK for social mobility of its graduates.

In addition the University works with FE college partners to encourage progression for the student into higher education

and the intense support that students receive before and after they start their course helps to ensure that they are able to achieve their potential.

### **Welsh language**

The University continues to strengthen its contribution to the Welsh speaking community of North East Wales. Its successful Welsh medium public lecture series attracts audiences from the region's significant Welsh speaking population. The University is an active participant in regional Welsh medium organisations and is represented on Fforwm Iaith Sir Fflint a Wrecsam alongside other organisations active in the field. It collaborates with Menter Iaith Sir y Fflint and was one of the organisers of the national Gŵyl Cerdd Dant, held in Rhosllannerchrugog in November 2014. It continues to be involved in the organisation of the National Eisteddfod. The University maintains good relations with Welsh medium schools and promotes higher education and higher education through the medium of Welsh within the region's Welsh medium schools. It continues to implement its Welsh language scheme and is preparing for the introduction of the Welsh language standards in 2015.

### **Research**

As the Robbins report of 1967 and many reports before and since have stated research is an integral part of any university.

Research has always been important at Glyndŵr University but following its investment in the Optic research facility at St Asaph research has become a key priority of the University.

Applied research and consultancy activity has performed well in 2013/14. New externally funded research projects were launched in several academic departments during the year. Applied Social Sciences undertook a study into alcohol and sight loss, and Engineering and Applied Physics looked into enhancing high-value optical fabrication, in a project funded by the STFC. Health Sciences conducted research into developing quality care metrics for Community Specialist Nurses in Rural Wales in a project funded through National Institute for Social Care and Health Research.

The Knowledge Transfer Partnerships scheme provides significant backing to the University's applied research supporting the creation of new products and services. In a new KTP project, Business & Management staff are working with Brother Industries (UK) Ltd to increase recycling returns, reduce costs, influence new product development and establish Brother (UK) as a Consumer Behaviour Research hub for Europe. Business is also helping a local business undertake an extensive business process re-engineering project through a KTP project.

### **The University sector**

The changing economic and political environment presents

a number of challenges to the university sector in Wales. One of the greatest of these challenges is the intense competition between universities, which has been increased by the removal of the student number cap in England but its retention in Wales.

### **Transformation agenda, reconfiguration and collaboration**

Partnership and collaboration with FE partners in North and Mid Wales continued to strengthen through 2013/14, building on the close links established through the franchised delivery of HE programmes over many years, and formalised through the strategic agreements between Glyndŵr University and partners. Glyndŵr University has played an active part on the North Wales Skills and Employment Group (Economic Ambitions Board), working collaboratively with FE partners to meet the needs of Employers in North East Wales. It has been central to the development of the CADARN strategy for links between Aberystwyth, Bangor, Glyndŵr and the region's FE colleges.

The University continues to work with its FE partners in north and mid Wales: Coleg Cambria, Grŵp Llandrillo-Menai, Neath Port Talbot College through the University's former association with Coleg Powys.

It has also developed new links with FE colleges in England, including some in Cheshire with particular emphasis on railway technology related to the HS2 development in Crewe.

The University's developments in London have also been undertaken in response to the need for reconfiguration and collaboration. Important links are being explored with a range of further education partners in London which align with the University's mission and vision and which will further strengthen its financial position.

Other aspects of the University's strategic plan, such as a more detailed examination of its financial sustainability, are dealt with elsewhere in this report.

The University has made considerable progress across a wide range of priorities. It has maintained its close links with the community it serves. It continues to champion the widening participation agenda while making a significant contribution to the economic development of North East Wales. The University remains firmly committed to its role in the future economic prosperity of the region and to ensuring that the whole community shares in that prosperity.

### **Auditors**

The University has re-appointed the firm KPMG LLP as its external auditor and Baker Tilly LLP as its internal auditor for year to 31 July 2015.







## Financial review

### Introduction

The 2013/14 financial year was one of significant progress for the University despite ending against a backdrop of uncertainty following the temporary suspension of its HTS Tier 4 Licence.

EBITDA (pre-exceptional items), the key financial performance measure, increased to £2.8 m representing 5.7% of turnover and confirming the profitability of the core business.

The consolidated historic cost deficit of £3.5m (2013 £3.4m) included the impact of exceptional costs totalling £3.8m concerning staff restructuring, legal expenses and goodwill impairment.

| Key financial data   |                |                |
|--|----------------|----------------|
| £'000  | 2014           | 2013           |
| Total income   | 48,795         | 43,884         |
| Total staff costs  | (27,235)       | (26,992)       |
| Total non-staff costs  | (18,781)       | (18,157)       |
| <b>EBITDA (pre-exceptional items)</b>                        | <b>2,799</b>   | <b>(1,265)</b> |
| Depreciation   | (2,651)        | (2,256)        |
| Interest and other finance costs                             | (323)          | (316)          |
| <b>Deficit before exceptional items</b>                      | <b>(195)</b>   | <b>(3,837)</b> |
| <b>Exceptional items</b>                                     |                |                |
| Restructuring costs  | (1,391)        | (117)          |
| Legal costs  | (1,316)        | -              |
| Impairment of goodwill                                       | (1,141)        | -              |
| <b>Deficit for the year retained within general reserves</b> | <b>(4,043)</b> | <b>(3,954)</b> |

|   |        |         |
|---|--------|---------|
| EBITDA as a % of Turnover                                   | 5.7%   | -2.9%   |
| Staff costs as a % of Total Income                          | 55.8%  | 61.5%   |
| Capital additions   | 43     | 3,380   |
| Cash at bank and in hand including money market investments | 601    | 1,861   |
| Borrowings  | 21     | 1,235   |
| Total funds (net assets)                                    | 37,267 | 40,907  |
| Cash flow generated from operations                         | 40     | (2,439) |

## Student numbers

Following the disappointing sector wide undergraduate intake levels in 2012/13, there was a major re-building of new intake numbers in 2013/14, home/EU students increasing from 983 to 1,319.

There was also a rise in enrolments from England, some 8% across total undergraduate enrolments. International enrolments were 2,108 (2012/13: 2,073) prior to the HTS Tier 4 licence suspension in June 2014, with the majority of these at the London campus (1,491).

The introduction of the Foundation Year programme was a major development, securing a new intake of 115 full-time enrolments in its opening year.

The lifting of the student cap for English universities in 2015 will undoubtedly increase competition and represents a key risk. Glyndŵr however saw a 24% increase in applications from English domiciled students during the 2014/15 recruitment cycle.

Part-time enrolments reduced by 9% overall in 2013/14 from 2,153

to 1,969. This reduction may be partly attributable to increased fee levels but it was notable that international part-time enrolments to English Language short courses showed a significant reduction, from 404 to 226, and international part-time student numbers were down by 42%.

For part-time enrolments, priority will be accorded to the development and delivery of part-time and short course provision which meets the needs of regional industry and employers.

Recruitment of full-time postgraduate students remains difficult in the current economic climate and hence it was no surprise that enrolments remained static (756) whilst there was an 11% decrease to postgraduate part-time programmes.

Postgraduate research enrolments also decreased by 25% for both full-time and part-time.

## Income

Total group income rose by 11.2% to £48.8m in the year. This was driven by a rise in core academic fees of £4.1m to £29.6m reflecting the gradual increase in the level of

student tuition fees following the move to the new funding system in 2012/13.

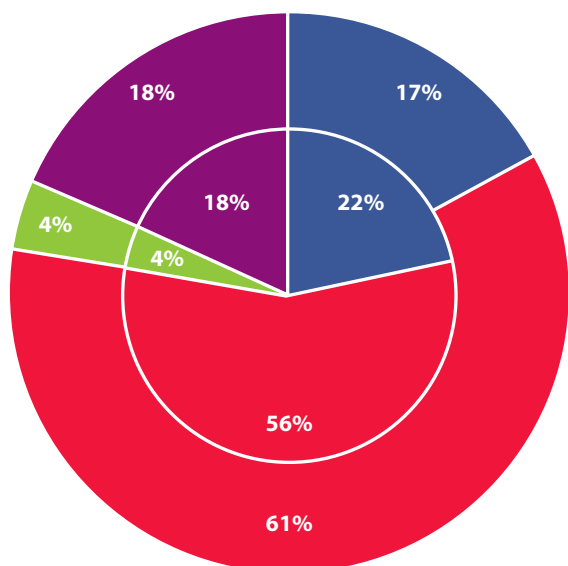
The University's main source of revenue is derived from such tuition fees and education contracts which grew from 56% to 61% of total group income across the period. There was a direct correlation in the reduction of funding body grants which fell from 22% to 17%.

## Expenditure

Total expenditure rose by 2.7% to £49.0m. Staff costs rose by £0.2m to £27.2m and represented 55.8% of total group income (2012/13: 61.5%). Non-staff costs, excluding depreciation and interest charges, rose by £0.6m. However, this included an increase in the group bad debt provision of £2.0m demonstrating that underlying non-staff costs had fallen by £1.2m.





A review was undertaken at year end of both student and commercial debt. The HTS suspension had a significant impact on the levels of recoverable debt from overseas students and more robust credit control procedures have





### Analysis of group turnover

 2013/14
  2012/13

-  Funding body grants
-  Tuition fees and education contacts
-  Research grants and contacts
-  Other income

been implemented within the University's finance department.

#### Exceptional costs

The University incurred exceptional costs of £3.8m during the financial year anchored in three key aspects:

- Restructuring costs;
- Impairment of goodwill;
- Legal costs

#### Restructuring costs

The implementation of a restructuring project realigned staffing levels to deliver the strategic plan which allowed the University to both reduce the underlying cost and to reinvest in areas of targeted growth. In total the University invested £1.4m in a Voluntary Severance Scheme the impact of which has been to lower the core cost base of the University by £1.7m from 2014/15 onwards.

The restructuring project required the engagement of consultants with specific employment law experience in order to navigate the legal

framework through which the process of collective and individual consultation regarding the University's proposals for headcount reduction and consequential realignment of its operational infrastructure was managed. The total investment of £2.1m, has an associated payback over less than two years.

#### Impairment of goodwill

On 1 August 2011 Glyndŵr University, through its wholly-owned subsidiary company Glyndŵr London Holdings Limited, purchased the share capital of London School of Professional Studies Limited and acquired the trade of London School of Management and Science Limited.

This generated an intangible asset of goodwill which was included in the University's consolidated financial statements. The carrying value as at 31 July 2013 was £1.1m.

Given the impact of the Tier 4 licence suspension together with the need to fundamentally realign the future London recruitment strategy, the

impairment of the carrying value of goodwill is deemed to be total.

#### Legal costs

Legal costs were associated with

- (a) claims by students against the withdrawal of the University's HTS sponsorship;
- (b) advice subsequent to the suspension of the University's HTS Tier 4 licence;
- (c) the restructuring of the University.

#### Balance sheet

The net assets of the group totalled £37.3m, a reduction of £3.6m on 2012/13 which reflected an increase of £2.4m in the overall pension provision of £16.6m

A full valuation was undertaken of the University's freehold land and buildings at year end by Edward Symmons LLP (Chartered Surveyors) which totalled £59.0m. The decision by the Board of Governors to sell a number of non-core properties necessitated a reclassification of £1.0m to current assets.

Significant progress has been made in reducing the core level of trade debtors in recent months which, coupled with the sale of the non-core properties, has improved the University's cash flow position post year end.

Improved cash flow management has also been implemented as the University, and the HE sector in general, come to terms with the increasing nature and profile of the Student Loan Company receipts.

#### Going concern

There are many factors affecting the past and future income and costs of the University which have emerged over the last three to five years. These factors reflect the complex market, and the competitive and government policy environment in which the University operates.

The current financial position is the result of a complex set of external forces which have had a significant impact on the University to which it has had to respond in what is an

uncertain and quickly changing environment.

The most significant event during the year was the HTS Tier 4 suspension. The University responded by commissioning independent experts to assist the financial analysis and modelling work it needed to undertake in order to assess the financial implications of the UKVI action on the University.

This work has enabled the Board of Governors to assess the cash flow position and some existing plans have been successfully accelerated. This included the disposal of surplus property and securing due debt in a more timely manner. These steps have significantly helped with cash flow.

The Board commissioned an update of the University's five-year financial forecasts in November 2014. The forecasts denoted the exceptional costs incurred by the University in dealing with the present situation but demonstrated that a return to surplus is achievable in 2015/16 based upon successfully meeting student number forecasts.

The University has introduced robust tracking mechanisms so the Board of Governors and other stakeholders can be assured that financial controls are working effectively and the University has accurate and timely information to ensure its future financial stability.

In April 2015 the University renewed its existing overdraft

facility and this, coupled with additional repayable cash flow support from HEFCW, will enable the group to meet its peak forecast funding requirements as they fall due.

Therefore the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going-concern basis in preparing the University's financial statements.

### Outlook

The key objectives of the financial strategy are to:

1. Ensure the long term financial sustainability of the University.
2. Ensure funds are available to meet both existing and future operational requirements.
3. Undertake appropriate financial planning and risk management activities.
4. Ensure appropriate financial control and provide information that encourages financial autonomy and accountability.
5. Ensure continued compliance with all legal and statutory requirements.
6. Ensure appropriate procurement procedures and monitor value for money.

The University has made significant financial progress in recent months which should help lay the foundations for a return to surplus by 2015/16.





# Statement on Corporate Governance & Internal Control

*Glyndŵr University is committed to demonstrating best practice in corporate governance.*

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 UK Corporate Governance Code as it applies to Higher Education, and the Committee of University Chairs Governance Code of Practice (2009).

This statement describes the manner in which the University has applied the principles of governance in the year and up to the date of the approval of the financial statements.

The University's Governing Body is responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Governing Body is responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

The Governing Body has adopted a statement of primary responsibilities, which is

published on the University's website. 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 and the appointment of the University Officers.

The Governing Body meets at least four times per year and has a number of committees including: an Audit Committee; a Strategy and Finance Committee; a Human Resources Committee; and a Nominations Committee.

All of these Committees are formally constituted with terms of reference and are made up of mainly independent members. Each committee is Chaired by an independent member. All subcommittees review and reflect on their work and provide an annual report to the Governing Body.

The Strategy and Finance Committee recommends the University's annual budgets to the Governing Body, the Nominations Committee considers nominations for vacancies in the Governing Body membership for approval, the Human Resources

Committee monitors health and safety and equality and diversity matters and also meets as the Remuneration Committee annually to determine the remuneration of senior post-holders including the Vice-Chancellor.

The Audit Committee meets three times a year, with internal and external auditors in attendance. This Committee includes two independent co-opted members from the public and private sector who are not members of the Governing Body who provide externality to the Committee's deliberations.

The Audit Committee considers detailed reports with recommendations for the improvement of systems of internal control and monitors implementation of the recommendations. Prior to every Audit Committee the members meet privately with the University's internal and external auditors without University officers present.

A Register of Interests is maintained and declarations of any conflicts of interest are made at the start of each Committee and Board meeting.

A strategic corporate risk register has been in place all year up to 31 July 2014 designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks

and to manage them efficiently, effectively and economically.

Risk management and control processes have been in place throughout the period, and risk review is embedded within the management culture and applied to the risks on the register and to new initiatives identified during the year. These processes have been applied up to the date of approval of the financial statements.

In order to ensure the effectiveness of the system of internal control, in addition to meeting at regular intervals, the Governing Body receives the minutes and a report from the Chair of the Audit Committee at each Board meeting which includes steps being taken by the University to manage risks.

Audit Committee also provides oversight of the University's risk management processes and considers regular reports from the University's independent internal audit provider, Baker Tilly, which includes the internal auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control.

The Governing Body's review of the effectiveness of the system of 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, and by comments made by the external auditors in their management letter.

### Internal control

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

- Clear definitions of the responsibilities of, and the authority delegated to senior managers and heads of academic and operational 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 units;
- Regular reporting to Audit Committee, and then to the Governing body, on internal control and risk;
- Reporting to the Governing body 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 Group.



# Responsibilities of the Board of Governors in the preparation of the financial statements

The Governing Body is responsible for the administration and management of the affairs of the University Group and is required to present audited financial statements for each financial year.

The Governing Body is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University Group and to enable it to ensure that the financial statements are prepared in accordance with the Financial Memorandum, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and other relevant accounting standards.

Within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for Wales, the Governing Body 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 Group and of the surplus or deficit and cash flows for that year.

The Governors are also trustees and the Financial Statements must meet requirements relating to the Charities Act 2011.

In preparing the financial statements to be prepared, the Governing Body 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 governing body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body 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 Memorandum 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;
- Ensure that there are effective systems of risk identification and management that cover all risks, produce a balanced portfolio of risk exposure, are based on a clearly articulated policy and approach, are monitored and reviewed regularly, are integrated into normal business processes and aligned to the University's strategic objectives and are managed by senior managers;
- Secure the economical, efficient and effective management of the University's resources and expenditure.

So far as the governing body is aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware, and they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



# Independent auditor's report to the Governing Body of Glyndwr University

We have audited the group and University financial statements (the "financial statements") of Glyndwr University for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Statement of the Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we

might state to the Board of Governors those matters we are required to state to it 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of Responsibilities of the Board of Governors Statement, set out on page 31, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices

Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we





become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2014 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

#### Opinion on other matters prescribed in 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 University for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the articles of government; and
- funds provided by HEFCW have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

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

We have nothing to report in respect of the following matter where the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

Clare Partridge  
For and on behalf of KPMG LLP,  
Statutory Auditor  
Chartered Accountants  
1 The Embankment  
Leeds  
LS1 4DW

27 April 2015



# Financial Accounts 2013/14

## Statement of principal accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007): and in accordance with applicable accounting standards. Where relevant the financial statements adhere to the accounting directives of HEFCW.

### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on a going concern basis.

The Board of Governors has considered the detailed financial forecasts and cash demands of the University and group for the foreseeable future.

The securing of an overdraft facility and support from HEFCW enables the University to meet its peak forecast funding requirement and, coupled with management's plans to return the University to surplus, the Board of Governors considers the University and group to be a going concern.

### Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings. Intra-group sales, profits and debts between undertakings are eliminated fully on consolidation.

Details of the University's subsidiary undertakings are provided in note 15 to the financial statements.

As in prior years, the University has availed itself of the exemption from presenting a stand-alone income and expenditure account. The result for the year is set out in note 11 to the financial statements.

### Recognition of income

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

Fee income is stated gross and credited to the income and expenditure account 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.

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 balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are retained for the benefit of the University are recognised in the statement of total gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

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.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increase or decreases in value arising on the revaluation or disposal of endowment assets, such



as the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the total statement of recognised gains and losses.

#### Agency arrangements

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

#### 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.

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.

#### Taxation

The University is an excepted charity within the meaning of Schedule 2 of the Charities Act 2011 and as such is a charity within the meaning the Section 506(1) of the Income & Corporation Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income & Corporation Taxes Act 1988 or Section 256 of the Taxation of Charitable 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 exemption 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.

#### Intangible fixed assets

The University amortises goodwill arising on acquisition of a subsidiary or trade over a maximum period of 10 years.

Goodwill is calculated as the difference between purchase consideration and the fair value of any net assets at the date of acquisition. Where applicable, VAT has been included in the consideration amounts payable.



Goodwill is reviewed for impairment at the end of the first full year following the year of acquisition and subsequently if there are any indicators of potential impairment.

### Tangible fixed assets

Freehold land and buildings are stated at valuation or cost. The basis of valuation, which is carried out by independent chartered surveyors every three years, is a combination of depreciated replacement cost and open market value for existing use. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 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.

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. Equipment inherited from the Local Education Authority is included in the balance

sheet at valuation. 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 grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account, 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.

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 income and expenditure account in the period when they occur, except to the extent that a revaluation reserve balance exists in relation to that asset, in which case that part of the downward revaluation is recognised as a charge against the revaluation reserve for that particular asset.

Any upward revaluations are recognised in the revaluation reserve except to the extent that they represent the reversal of an impairment or downward valuation movement previously recognised in the income and expenditure account, in which case they are recognised in the income and expenditure account.

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.

### Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value. Where the decision has been made to sale such an asset at year end then the asset has been reclassified as a current asset.

### Stock

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

### Cash flows and liquid resources

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.

### Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated 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.

### Accounting for charitable donations

#### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or, if before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

#### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

- 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;
- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income;
- 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.

#### Pension costs

The University contributes to the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). All schemes are defined benefit schemes which are externally managed and contracted out of the State Earnings Related



Pension Scheme.

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. Glyndŵr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS17.

### Provisions

Provisions are recognised in the financial statements when the University has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefits will be required to settle the obligation and 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.

### Contingent liabilities

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met, and includes three scenarios:

- Possible rather than a present obligation;
- A possible rather than a probable outflow of economic benefits;
- An inability to measure the economic outflow.

### Contingent assets

Contingent assets are disclosed by way of a note, where there is a possible (rather than present) asset arising from a past event.

# Consolidated income and expenditure account for the year ended 31 July 2014

|  | Note | 2014<br>£000   | 2013<br>£000   |
|--|------|----------------|----------------|
| <b>Income</b>  |      |                |                |
| Funding body grants  | 2    | 8,250          | 9,513          |
| Tuition fees and education contracts   | 3    | 29,569         | 24,489         |
| Research grants and contracts  | 4    | 1,988          | 1,941          |
| Other income   | 5    | 8,982          | 7,925          |
| Endowment and investment income  | 6    | 6              | 16             |
| <b>Total income</b>  |      | <b>48,795</b>  | <b>43,884</b>  |
| <b>Expenditure</b>   |      |                |                |
| Staff costs  | 7    | 27,235         | 26,992         |
| Other operating expenses   | 8    | 18,781         | 18,157         |
| Depreciation   | 12   | 2,651          | 2,256          |
| Interest and other finance costs   | 9    | 323            | 316            |
| <b>Total expenditure</b>   |      | <b>48,990</b>  | <b>47,721</b>  |
| <b>Deficit after depreciation of tangible fixed assets at valuation and before tax</b> |      | <b>(195)</b>   | <b>(3,837)</b> |
| Taxation   | 10   | -              | -              |
| <b>Deficit before exceptional items</b>  |      | <b>(195)</b>   | <b>(3,837)</b> |
| Exceptional restructuring costs  | 7    | 1,391          | 117            |
| Exceptional legal costs  | 8    | 1,316          | -              |
| Exceptional impairment of goodwill   | 13   | 1,141          | -              |
| <b>Deficit for the year retained within general reserves</b>                           |      | <b>(4,043)</b> | <b>(3,954)</b> |

All results derive from continuing operations.



## Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2014

|  | Note | 2014           | 2013           |
|--|------|----------------|----------------|
|  |      | £000           | £000           |
| Deficit on continuing operations before taxation   |      | (4,043)        | (3,954)        |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount | 25   | 549            | 581            |
| <b>Historical cost deficit for the year before taxation</b>  |      | <b>(3,494)</b> | <b>(3,373)</b> |
| Taxation   | 10   | -              | -              |
| <b>Historical cost deficit for the year after taxation</b>   |      | <b>(3,494)</b> | <b>(3,373)</b> |

### Consolidated statement of the total recognised gains and losses for the year ended 31 July 2014

|   | Note | 2014           | 2013           |
|---|------|----------------|----------------|
|   |      | £000           | £000           |
| Deficit on continuing operations after depreciation of assets at valuation and disposal of assets and tax |      | (4,043)        | (3,954)        |
| Unrealised surplus on revaluation of fixed assets   | 25   | 3,187          | -              |
| Adjustment to revaluation reserve   | 25   | 1              | (793)          |
| Adjustment to I&E reserve   | 26   | 1              | -              |
| Actuarial (loss) / gain in respect of pension scheme assets and liabilities                               | 33   | (2,134)        | 353            |
| <b>Total recognised losses relating to the year</b>   |      | <b>(2,988)</b> | <b>(4,394)</b> |
| <b>Reconciliation</b>   |      |                |                |
| Opening reserves and endowments   |      | 31,962         | 36,356         |
| Total recognised losses for the year  |      | (2,988)        | (4,394)        |
| <b>Closing reserves and endowments</b>  |      | <b>28,974</b>  | <b>31,962</b>  |

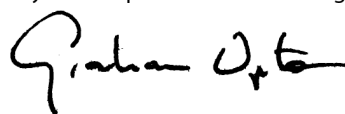
## Balance Sheets as at 31 July 2014

|  | Notes | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|--|-------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Fixed assets</b>                                      |       |                              |                            |                              |                            |
| Intangible assets  | 13    | -                            | -                          | 1,141                        | -                          |
| Tangible assets  | 12    | 59,483                       | 58,967                     | 60,073                       | 59,453                     |
| Investments  | 15    | -                            | -                          | -                            | -                          |
| <b>Total fixed assets</b>                                |       | <b>59,483</b>                | <b>58,967</b>              | <b>61,214</b>                | <b>59,453</b>              |
| <b>Endowment assets</b>                                  | 16    | <b>18</b>                    | <b>18</b>                  | <b>18</b>                    | <b>18</b>                  |
| <b>Current assets</b>                                    |       |                              |                            |                              |                            |
| Stocks   | 14    | 58                           | 52                         | 56                           | 51                         |
| Debtors  | 17    | 8,660                        | 6,047                      | 7,969                        | 6,174                      |
| Assets held for sale                                     | 12    | 990                          | 990                        | -                            | -                          |
| Investments  | 18    | 115                          | 115                        | 1,190                        | 1,190                      |
| Cash at bank and in hand                                 |       | 486                          | 381                        | 671                          | 141                        |
| <b>Total current assets</b>                              |       | <b>10,309</b>                | <b>7,585</b>               | <b>9,886</b>                 | <b>7,556</b>               |
| Creditors: amounts falling due within one year           | 19    | (12,104)                     | (9,395)                    | (13,069)                     | (9,421)                    |
| <b>Net current (liabilities) / assets</b>                |       | <b>(1,795)</b>               | <b>(1,810)</b>             | <b>(3,183)</b>               | <b>(1,865)</b>             |
| <b>Total assets less current liabilities</b>             |       | <b>57,706</b>                | <b>57,175</b>              | <b>58,049</b>                | <b>57,606</b>              |
| Creditors: amounts falling due after more than one year  | 20    | (91)                         | (91)                       | (308)                        | (98)                       |
| Provisions for liabilities                               | 22    | (3,753)                      | (3,329)                    | (2,621)                      | (2,621)                    |
| <b>Net assets excluding pension liability</b>            |       | <b>53,862</b>                | <b>53,755</b>              | <b>55,120</b>                | <b>54,887</b>              |
| Net pension liability                                    | 33    | (16,595)                     | (16,595)                   | (14,213)                     | (14,213)                   |
| <b>NET ASSETS</b>  |       | <b>37,267</b>                | <b>37,160</b>              | <b>40,907</b>                | <b>40,674</b>              |
| <b>Deferred capital grants</b>                           | 23    | <b>8,293</b>                 | <b>8,103</b>               | <b>8,945</b>                 | <b>8,676</b>               |
| <b>Endowment funds</b>                                   |       |                              |                            |                              |                            |
| Restricted   | 24    | -                            | -                          | -                            | -                          |
| Unrestricted   | 24    | 18                           | 18                         | 18                           | 18                         |
| <b>Total endowments</b>                                  |       | <b>18</b>                    | <b>18</b>                  | <b>18</b>                    | <b>18</b>                  |
| <b>RESERVES</b>  |       |                              |                            |                              |                            |
| Income and expenditure account excluding pension reserve | 26    | 15,166                       | 15,492                     | 18,411                       | 18,696                     |
| Pension reserve  | 33    | (16,595)                     | (16,595)                   | (14,213)                     | (14,213)                   |
| Income and expenditure account including pension reserve | 26    | (1,429)                      | (1,103)                    | 4,198                        | 4,483                      |
| Specific reserve   | 24    | 200                          | 200                        | 200                          | 200                        |
| Revaluation reserve                                      | 25    | 30,185                       | 29,942                     | 27,546                       | 27,297                     |
| <b>Total reserves</b>                                    |       | <b>28,956</b>                | <b>29,039</b>              | <b>31,944</b>                | <b>31,980</b>              |
| <b>TOTAL FUNDS</b>                                       |       | <b>37,267</b>                | <b>37,160</b>              | <b>40,907</b>                | <b>40,674</b>              |

The financial statements on pages 35 to 60 were approved by the governing body on 27 April 2015 and were signed on its behalf by:



Sir Jon Shortridge  
Chairman



Professor Graham Upton  
Vice Chancellor and Chief Executive

# Consolidated cash flow statement for the year ended 31 July 2014

|  | Note | 2014<br>£000 | 2013<br>£000   |
|--|------|--------------|----------------|
| <b>Net cash inflow / (outflow) from operating activities</b>         | 27   | 40           | (2,439)        |
| <b>Returns on investments and servicing of finance</b>               | 28   | (52)         | (15)           |
| <b>Taxation</b>  | 10   | -            | -              |
| <b>Capital expenditure</b>   |      |              |                |
| Payments to acquire tangible assets                                  | 29   | (43)         | (3,380)        |
| Sales of tangible fixed assets                                       | 29   | 168          | -              |
| Payments to acquire trade & assets                                   | 13   | -            | (924)          |
| Deferred capital grants received                                     | 29   | -            | 76             |
| <b>Cash inflow / (outflow) before management of liquid resources</b> |      | <b>113</b>   | <b>(6,682)</b> |
| <b>Management of liquid resources</b>                                | 30   | 1,075        | 2,180          |
| <b>Financing</b>   | 31   | (159)        | (170)          |
| <b>Increase / (decrease) in cash in year</b>                         | 32   | <b>1,029</b> | <b>(4,672)</b> |
| <b>Reconciliation of net cash flow to movement in net funds</b>      |      |              |                |
| Increase / (decrease) increase in cash in the year                   |      | 1,029        | (4,672)        |
| Cash inflow from new secured loan                                    |      | -            | -              |
| Cash inflow from liquid resources                                    | 32   | (1,075)      | (2,180)        |
| Non cash increase in liquid resources                                |      | -            | -              |
| Cash inflow from movement in finance leases and loans                |      | 159          | 170            |
| Movement in net funds in year  |      | 113          | (6,682)        |
| Net funds as at 1 August 2013  |      | 214          | 6,896          |
| <b>Net funds as at 31 July 2014</b>                                  |      | <b>327</b>   | <b>214</b>     |

# Notes to the financial statements

|   | Note | 2014<br>£000  | 2013<br>£000              |
|---|------|---------------|---------------------------|
| <b>1 Governor's remuneration</b>  |      |               |                           |
| Members of the Board of Governors are not remunerated for their posts but may receive reimbursement of expenses incurred in the performance of their duties. The following sum was reimbursed in 2013/14: |      |               |                           |
| Travel and subsistence expenses   |      | 4             | 3                         |
| <b>2 Funding body grants</b>  |      |               |                           |
|   |      | 2014<br>£000  | 2013<br>£000              |
| Recurrent grant:  |      |               |                           |
| Higher Education Funding Council for Wales  |      | 4,783         | 4,465                     |
| Specific grants:  |      |               |                           |
| Release of HEFCW deferred income  |      | 640           | 2,127                     |
| HEFCW other income  |      | 2,381         | 2,311                     |
| Releases of deferred capital grants:  |      |               |                           |
| Buildings   | 23   | 400           | 515                       |
| Equipment   | 23   | 46            | 95                        |
| <b>Total</b>  |      | <b>8,250</b>  | <b>9,513</b>              |
| <b>3 Tuition fees and education contracts</b>   |      |               |                           |
|   |      | 2014<br>£000  | 2013<br>£000              |
| Full-time home and EU students  |      | 14,939        | 10,894                    |
| Education contract income   |      | 1,994         | 2,215                     |
| Full-time international students  |      | 10,793        | 9,467                     |
| Part-time students  |      | 1,843         | 1,913                     |
| <b>Total fees paid by or on behalf of individual students</b>   |      | <b>29,569</b> | <b>24,489</b>             |
| <b>4 Research grants and contracts</b>  |      |               |                           |
|   |      | 2014<br>£000  | 2013<br>£000              |
| Research Council  |      | 341           | 374                       |
| UK based charities  |      | 1             | 15                        |
| European Commission   |      | (98)          | -                         |
| Other grants and contracts  |      | 1,744         | 1,552                     |
| <b>Total</b>  |      | <b>1,988</b>  | <b>1,941</b>              |
| <b>5 Other income</b>   |      |               |                           |
|   | Note | 2014<br>£000  | Re-stated<br>2013<br>£000 |
| Residences, catering and conferences  |      | 2,785         | 2,456                     |
| Other income generating activities  |      | 5,991         | 5,236                     |
| Releases from deferred capital grants   | 23   | 206           | 233                       |
| <b>Total</b>  |      | <b>8,982</b>  | <b>7,925</b>              |

## 6 Endowment and investment income

|                           | 2014<br>£000 | 2013<br>£000 |
|---------------------------|--------------|--------------|
| Other interest receivable | 6            | 16           |
| <b>Total</b>              | <b>6</b>     | <b>16</b>    |

## 7 Staff costs

|                                       | 2014<br>Number | 2013<br>Number |
|---------------------------------------|----------------|----------------|
| Teaching departments (teaching staff) | 280            | 258            |
| Teaching support services             | 36             | 60             |
| Other support services                | 59             | 65             |
| Administration and central services   | 245            | 246            |
| Premises                              | 28             | 26             |
| <b>Total</b>                          | <b>648</b>     | <b>655</b>     |

### Staff costs for the above persons:

|  | 2014<br>£000  | 2013<br>£000  |
|--|---------------|---------------|
| Wages and salaries                                 | 22,465        | 22,145        |
| Social security costs                              | 1,704         | 1,768         |
| Other pension costs (including FRS 17 adjustments) | 3,066         | 3,079         |
| <b>Sub total</b>                                   | <b>27,235</b> | <b>26,992</b> |
| Restructuring costs - severance costs              | 1,391         | 117           |
| <b>Total</b>                                       | <b>28,626</b> | <b>27,109</b> |

|                                     | 2014<br>£000  | 2013<br>£000  |
|-------------------------------------|---------------|---------------|
| Teaching departments                | 13,808        | 13,872        |
| Teaching support services           | 1,273         | 1,054         |
| Other support services              | 3,728         | 3,666         |
| Administration and central services | 5,225         | 5,154         |
| Premises                            | 777           | 836           |
| Other income generating activities  | 1,447         | 1,452         |
| Catering and residences             | 729           | 720           |
| FRS 17 retirement benefit charges   | 248           | 238           |
| <b>Sub total</b>                    | <b>27,235</b> | <b>26,992</b> |
| Exceptional restructuring costs     | 1,391         | 117           |
| <b>Total</b>                        | <b>28,626</b> | <b>27,109</b> |

The implementation of a restructuring project realigned staffing levels to deliver the strategic plan which allowed the University to both reduce the underlying cost and to reinvest in areas of targeted growth. In total the University invested £1.4m in a Voluntary Severance Scheme the impact of which has been to lower the core cost base of the University by £1.7m from 2014/15 onwards.

### Emoluments of the Vice-Chancellor:

|                  | 2014<br>£      | 2013<br>£      |
|------------------|----------------|----------------|
| Salary           | 207,696        | 201,627        |
| Benefits in kind | 19,394         | 13,270         |
|                  | <b>227,090</b> | <b>214,897</b> |

## 7 Staff costs (continued)

### Emoluments of higher paid employees:

|                     | 2014<br>Number of<br>employees | Re-stated<br>2013<br>Number of<br>employees |
|---------------------|--------------------------------|---|
| £100,001 - £110,000 | 1                              | 1   |

## 8 Other operating expenses

|   | 2014<br>£000  | Re-stated<br>2013<br>£000 |
|---|---------------|---------------------------|
| Teaching departments                          | 1,176         | 1,311                     |
| Teaching support services                     | 2,887         | 3,782                     |
| Administration and central services           | 1,995         | 1,701                     |
| General education                             | 1,243         | 1,366                     |
| Premises costs: running costs                 | 2,698         | 2,509                     |
| Premises costs: maintenance                   | 522           | 434                       |
| Staff and student facilities                  | 291           | 571                       |
| Planned maintenance                           | 80            | 80                        |
| Other income generating activities            | 2,669         | 2,266                     |
| Catering and residence operations             | 964           | 1,081                     |
| Franchised provision                          | 386           | 894                       |
| Research                                      | 1,657         | 1,263                     |
| Bursary payments (waived fees) to HE students | 174           | 117                       |
| Movement in bad debt provision                | 2,039         | 782                       |
| <b>Total before exceptional items</b>         | <b>18,781</b> | <b>18,157</b>             |
| Exceptional - impairment of goodwill          | 1,141         | -                         |
| Exceptional - legal costs                     | 1,316         | -                         |
| <b>Total other operating expenses</b>         | <b>21,238</b> | <b>18,157</b>             |

On 1 August 2011 Glyndŵr University, through its wholly-owned subsidiary company Glyndŵr London Holdings Limited, purchased the share capital of London School of Professional Studies Limited and acquired the trade of London School of Management and Science Limited. This generated an intangible asset of goodwill which was included in the University's consolidated financial statements. The carrying value as at 31 July 2013 was £1.1m. Given the impact of the Tier 4 licence suspension together with the need to fundamentally realign the future London recruitment strategy, the impairment of the carrying value of goodwill is deemed to be total.

Exceptional legal costs were associated with; (a) claims by students against the withdrawal of the University's HTS sponsorship; (b) advice subsequent to the suspension of the University's HTS Tier 4 licence; and (c) the restructuring of the University.

The 2013 figures have been re-stated for clearer comparatives.

### Other operating expenses include:

|   | 2014<br>£000 | Re-stated<br>2013<br>£000 |
|---|--------------|---------------------------|
| Auditors' remuneration:                     |              |                           |
| external audit - University                 | 58           | 64                        |
| external audit - subsidiaries               | 18           | 33                        |
| internal audit                              | 30           | 31                        |
| Hire of other assets - operating leases     | -            | -                         |
| Hire of other assets - buildings            | -            | -                         |
| Losses on disposal of tangible fixed assets | 12           | -                         |

## 9 Interest and other finance costs

|   | Note | 2014<br>£000      | 2013<br>£000      |
|---|------|-------------------|-------------------|
| Bank loans and overdrafts                       |      | 58                | 31                |
| Loans wholly repayable within 5 years           |      | -                 | -                 |
| Repayable within 5 years, by instalments        |      | -                 | -                 |
| Repayable wholly or partly in more than 5 years |      | -                 | -                 |
|   |      | <u>58</u>         | <u>31</u>         |
| On finance leases                               |      | -                 | -                 |
| Pension finance costs                           | 33   | 265               | 285               |
| <b>Total</b>                                    |      | <b><u>323</u></b> | <b><u>316</u></b> |

## 10 Taxation

|  |  | 2014<br>£000    | 2013<br>£000    |
|--|--|-----------------|-----------------|
| UK corporation tax   |  |                 |                 |
| Provision for deferred corporation tax in the Financial Statements of the subsidiary company |  | -               | -               |
| <b>Total</b>   |  | <b><u>-</u></b> | <b><u>-</u></b> |

In the opinion of the Board of Governors, the criteria of s505 ICTA 1988 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 2014.

## 11 (Deficit) / surplus for the year retained within general reserves

The (deficit) / surplus on continuing operations for the period is made up as follows:

|   | 2014<br>£000          | 2013<br>£000          |
|---|-----------------------|-----------------------|
| University's surplus / (deficit) for the period before exceptional items* | 894                   | (2,881)               |
| Exceptional restructuring costs   | (1,391)               | (117)                 |
| Exceptional impairment of goodwill  | (1,141)               | -                     |
| Exceptional legal costs   | (1,316)               | -                     |
| University's deficit for the period                                       | <u>(2,954)</u>        | <u>(2,998)</u>        |
| (Deficit) / surplus generated by subsidiary undertakings:                 |                       |                       |
| Glyndŵr Innovations Limited   | (102)                 | -                     |
| North Wales Science   | -                     | 15                    |
| Optic Glyndŵr Limited   | (1,216)               | (900)                 |
| Glyndŵr London Holdings   | (2)                   | (2)                   |
| Glyndŵr London Limited  | 231                   | (69)                  |
| <b>Total</b>  | <b><u>(4,043)</u></b> | <b><u>(3,954)</u></b> |

\* stated before provision against receivables from subsidiaries that eliminate on consolidation

## 12 Tangible assets (consolidated)

|                                    | Freehold<br>Land and<br>Buildings | Fixtures,<br>fittings,<br>equipment<br>and motor<br>vehicles | Assets in the<br>Course of<br>Construction | Total         |
|------------------------------------|-----------------------------------|--|--|---------------|
|                                    | £000                              | £000   | £000                                       | £000          |
| <b>Cost or Valuation</b>           |                                   |  |  |               |
| As at 1 August 2013                |                                   |  |  |               |
| Cost / Valuation                   | 58,697                            | 6,216  | -  | 64,913        |
| Additions at cost                  | 43                                | -  | -  | 43            |
| Transfer to current assets         | (990)                             | -  | -  | (990)         |
| Disposals                          | (200)                             | (411)  | -  | (611)         |
| Revaluation                        | 709                               | -  | -  | 709           |
| <b>As at 31 July 2014</b>          | <b>58,259</b>                     | <b>5,805</b>   | <b>-</b>                                   | <b>64,064</b> |
| <b>Depreciation</b>                |                                   |  |  |               |
| As at 1 August 2013                | 1,470                             | 3,370  | -  | 4,840         |
| Charge for year                    | 1,340                             | 1,311  | -  | 2,651         |
| Transfers                          | -                                 | -  | -  | -             |
| Eliminated in respect of disposals | (4)                               | (411)  | -  | (415)         |
| Revaluation                        | (2,495)                           | -  | -  | (2,495)       |
| <b>As at 31 July 2014</b>          | <b>311</b>                        | <b>4,270</b>   | <b>-</b>                                   | <b>4,581</b>  |
| <b>Net book value</b>              |                                   |  |  |               |
| <b>As at 31 July 2014</b>          | <b>57,948</b>                     | <b>1,535</b>   | <b>-</b>                                   | <b>59,483</b> |
| Net book value                     |                                   |  |  |               |
| As at 31 July 2013                 | 57,227                            | 2,846  | -  | 60,073        |

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

During the year ended 31 July 2014, the University's land and buildings were revalued using the depreciated replacement cost method, or market value where appropriate, by external valuers, Edward Symmons LLP, RICS, Chartered Surveyors.

During the year ended 31 July 2014, the University decided to dispose of hostels with a value of £990,000. These were disposed of post year end.



## 12 Tangible assets (University)

|                                      | Freehold<br>Land and<br>Buildings | Fixtures,<br>fittings,<br>equipment<br>and motor<br>vehicles | Assets in the<br>Course of<br>Construction | Total         |
|--------------------------------------|-----------------------------------|--|--|---------------|
|                                      | £000                              | £000   | £000                                       | £000          |
| <b>Cost or Valuation</b>             |                                   |  |  |               |
| As at 1 August 2013                  | 57,922                            | 6,075  | -  | 63,997        |
| Additions at cost                    | 43                                | -  | -  | 43            |
| Transfer to current assets           | (990)                             | -  | -  | (990)         |
| Disposals                            | (200)                             | (411)  | -  | (611)         |
| Revaluation                          | 709                               | -  | -  | 709           |
| <b>As at 31 July 2014</b>            | <b>57,484</b>                     | <b>5,664</b>   | <b>-</b>                                   | <b>63,148</b> |
| <b>Depreciation</b>                  |                                   |  |  |               |
| As at 1 August 2013                  | 1,237                             | 3,307  | -  | 4,544         |
| Charge for year                      | 1,262                             | 1,285  | -  | 2,547         |
| Transfers                            | -                                 | -  | -  | -             |
| Eliminated in respect of disposals   | (4)                               | (411)  | -  | (415)         |
| Revaluation                          | (2,495)                           | -  | -  | (2,495)       |
| <b>As at 31 July 2014</b>            | <b>-</b>                          | <b>4,181</b>   | <b>-</b>                                   | <b>4,181</b>  |
| <b>Net book value</b>                |                                   |  |  |               |
| <b>As at 31 July 2014</b>            | <b>57,484</b>                     | <b>1,483</b>   | <b>-</b>                                   | <b>58,967</b> |
| Net book value<br>As at 31 July 2013 | 56,685                            | 2,768  | -  | 59,453        |

See notes on tangible assets (consolidated).

## 13 Intangible assets - goodwill arising from acquisition (consolidated)

|                                      | Goodwill     |              |
|--------------------------------------|--------------|--------------|
|                                      | 2014<br>£000 | 2013<br>£000 |
| <b>Cost</b>                          |              |              |
| As at 1 August 2013                  | 2,105        | 2,923        |
| (Adjustments) / additions            | -            | (818)        |
| <b>As at 31 July 2014</b>            | <b>2,105</b> | <b>2,105</b> |
| <b>Accumulated amortisation</b>      |              |              |
| As at 1 August 2013                  | 964          | 903          |
| Charge in year                       | -            | 61           |
| Impairment in year                   | 1,141        | -            |
| <b>As at 31 July 2014</b>            | <b>2,105</b> | <b>964</b>   |
| <b>Net book value</b>                |              |              |
| <b>As at 31 July 2014</b>            | <b>-</b>     | <b>1,141</b> |
| Net book value<br>As at 31 July 2013 | 1,141        | 2,020        |

On 1 August 2011 Glyndŵr University, through its wholly-owned subsidiary company Glyndŵr London Holdings Limited, purchased the share capital of London School of Professional Studies Limited and acquired the trade of London School of Management and Science Limited. This generated an intangible asset of goodwill which was included in the University's consolidated financial statements. The carrying value as at 31 July 2013 was £1.1m. Given the impact of the Tier 4 licence suspension together with the need to fundamentally realign the future London recruitment strategy, the impairment of the carrying value of goodwill is deemed to be total.

## 14 Stocks

|                           | <b>Consolidated<br/>2014<br/>£000</b> | <b>University<br/>2014<br/>£000</b> | <b>Consolidated<br/>2013<br/>£000</b> | <b>University<br/>2013<br/>£000</b> |
|---------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Stocks - goods for resale | 58                                    | 52                                  | 56                                    | 51                                  |
| <b>Total</b>              | <b>58</b>                             | <b>52</b>                           | <b>56</b>                             | <b>51</b>                           |

## 15 Investments

The University has the following subsidiaries:

| <b>Name</b>                     | <b>% ownership of<br/>ordinary shares</b> | <b>Country of<br/>incorporation</b> | <b>Principal<br/>activity</b>   |
|---------------------------------|---|-------------------------------------|---|
| Glyndŵr Innovations Limited     | 100                                       | England & Wales                     | Consultancy, commercial technical contracts, incubation and sports centre |
| Glyndŵr Business School Limited | 100                                       | England & Wales                     | Not traded in year  |
| Optic Glyndŵr Limited           | 100                                       | England & Wales                     | Development of opto-electronics   |
| North Wales Science *           | -   | England & Wales                     | Science discovery centre  |
| Gyndwr London Holdings          | 100                                       | England & Wales                     | Holding   |
| Glyndŵr London Limited          | 100                                       | England & Wales                     | Higher Education  |

\* Company limited by guarantee, included in the consolidated accounts of Glyndŵr University on the basis that it is limited by a guarantee provided by Glyndŵr University.

The Board of Governors believe that the carrying value of the investments is supported by their underlying net assets and/or the entities ability to generate cash over the useful economic lives of their assets.

## 16 Endowment assets

|   | <b>Note</b> | <b>Consolidated<br/>£000</b> | <b>University<br/>£000</b> |
|---|-------------|------------------------------|----------------------------|
| Balance as at 1 August 2013                 |             | 18                           | 18                         |
| Additions                                   |             | -                            | -                          |
| Appreciation of endowment asset investments |             | -                            | -                          |
| Disposals                                   |             | -                            | -                          |
| Appreciation on disposals / revaluation     |             | -                            | -                          |
| <b>Balance as at 31 July 2014</b>           |             | <b>18</b>                    | <b>18</b>                  |
| Represented by:                             |             |                              |                            |
| Cash balances                               | 32          | 18                           | 18                         |
| <b>Total</b>                                |             | <b>18</b>                    | <b>18</b>                  |

## 17 Debtors

|                                     | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|-------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                     | <b>2014</b>         | <b>2014</b>       | <b>2013</b>         | <b>2013</b>       |
|                                     | <b>£000</b>         | <b>£000</b>       | <b>£000</b>         | <b>£000</b>       |
| Trade debtors                       | 7,721               | 5,055             | 7,086               | 5,398             |
| Amounts owed by group undertakings: |                     |                   |                     |                   |
| Subsidiary undertakings             | -                   | 414               | -                   | 118               |
| Prepayments and accrued income      | 939                 | 578               | 883                 | 658               |
| <b>Total</b>                        | <b>8,660</b>        | <b>6,047</b>      | <b>7,969</b>        | <b>6,174</b>      |

## 18 Investments

|                     | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|---------------------|---------------------|-------------------|---------------------|-------------------|
|                     | <b>2014</b>         | <b>2014</b>       | <b>2013</b>         | <b>2013</b>       |
|                     | <b>£000</b>         | <b>£000</b>       | <b>£000</b>         | <b>£000</b>       |
| Deposits maturing:  |                     |                   |                     |                   |
| In one year or less | 115                 | 115               | 1,190               | 1,190             |
| <b>Total</b>        | <b>115</b>          | <b>115</b>        | <b>1,190</b>        | <b>1,190</b>      |

## 19 Creditors: amounts falling due within one year

|                                     | <b>Consolidated</b> | <b>University</b> | <b>Consolidated</b> | <b>University</b> |
|-------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                     | <b>2014</b>         | <b>2014</b>       | <b>2013</b>         | <b>2013</b>       |
|                                     | <b>£000</b>         | <b>£000</b>       | <b>£000</b>         | <b>£000</b>       |
| Secured bank overdraft              | 21                  | 18                | 1,235               | 1,235             |
| Trade creditors                     | 2,848               | 1,818             | 3,112               | 2,271             |
| Amounts owed to group undertakings: |                     |                   |                     |                   |
| Subsidiary undertakings             | -                   | 1,152             | -                   | 193               |
| Short term loans                    | 271                 | -                 | 220                 | -                 |
| Other creditors                     | 1,029               | 914               | 977                 | 532               |
| Accruals and deferred income        | 7,935               | 5,493             | 7,525               | 5,190             |
| <b>Total</b>                        | <b>12,104</b>       | <b>9,395</b>      | <b>13,069</b>       | <b>9,421</b>      |

The University has a bank overdraft facility which is secured by a legal charge over the Wrexham campus.

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

|                                       | <b>Consolidated</b> | <b>University</b> | <b>Re-stated</b>    | <b>Re-stated</b>  |
|---------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                       | <b>2014</b>         | <b>2014</b>       | <b>Consolidated</b> | <b>University</b> |
|                                       | <b>£000</b>         | <b>£000</b>       | <b>2013</b>         | <b>2013</b>       |
|                                       |                     |                   | <b>£000</b>         | <b>£000</b>       |
| Short term loans                      | -                   | -                 | 210                 | -                 |
| Energy efficiency loan scheme (SALIX) | 91                  | 91                | 44                  | 44                |
| Early retirement pension obligations  | -                   | -                 | 54                  | 54                |
| <b>Total</b>                          | <b>91</b>           | <b>91</b>         | <b>308</b>          | <b>98</b>         |

The 2013 figures have been re-stated for clearer comparatives.

## 21 Borrowings

|   | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>a) Finance leases</b>  |                              |                            |                              |                            |
| <b>The net finance lease obligations to which the institution is committed are:</b> |                              |                            |                              |                            |
| In one year or less   | -                            | -                          | -                            | -                          |
| Between one and two years   | -                            | -                          | -                            | -                          |
| Between two and five years  | -                            | -                          | -                            | -                          |
| In five years or more   | -                            | -                          | -                            | -                          |
| <b>Total</b>  | <b>-</b>                     | <b>-</b>                   | <b>-</b>                     | <b>-</b>                   |

|  | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|--|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>b) Short term loans</b>   |                              |                            |                              |                            |
| <b>The loan obligations to which the institution is committed are:</b> |                              |                            |                              |                            |
| In one year or less  | 271                          | -                          | 220                          | -                          |
| Between two and five years   | -                            | -                          | 210                          | -                          |
| In five years or more  | -                            | -                          | -                            | -                          |
| <b>Total</b>   | <b>271</b>                   | <b>-</b>                   | <b>430</b>                   | <b>-</b>                   |

## 22 Provisions for liabilities

|                              | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Enhanced pension:</b>     |                              |                            |                              |                            |
| As at 1 August 2013          | 2,621                        | 2,621                      | 2,599                        | 2,599                      |
| Provided in year             | -                            | -                          | 22                           | 22                         |
| Released in year             | (6)                          | (6)                        | -                            | -                          |
| As at 31 July 2014           | <b>2,615</b>                 | <b>2,615</b>               | <b>2,621</b>                 | <b>2,621</b>               |
| <b>Redundancy provision:</b> |                              |                            |                              |                            |
| As at 1 August 2013          | -                            | -                          | -                            | -                          |
| Provided in year             | 741                          | 714                        | -                            | -                          |
| Released in year             | -                            | -                          | -                            | -                          |
| As at 31 July 2014           | <b>741</b>                   | <b>714</b>                 | <b>-</b>                     | <b>-</b>                   |
| <b>Optic loss provision:</b> |                              |                            |                              |                            |
| As at 1 August 2013          | -                            | -                          | -                            | -                          |
| Provided in year             | 397                          | -                          | -                            | -                          |
| Released in year             | -                            | -                          | -                            | -                          |
| As at 31 July 2014           | <b>397</b>                   | <b>-</b>                   | <b>-</b>                     | <b>-</b>                   |
| <b>Total</b>                 | <b>3,753</b>                 | <b>3,329</b>               | <b>2,621</b>                 | <b>2,621</b>               |

Enhanced pension comprises a release in year to reflect the actuarial liability remaining for all TPS members on enhanced pensions. The provision is released quarterly against the payments to the scheme members which continues for the duration of their scheme membership.

Under the University's Voluntary Severance Scheme a number of employees were deemed 'on risk' at the year end. As such, full provision has been made for any severance payments paid post year end in respect of these employees.

Optic Glyndwr Limited has a fixed price contract due for completion in October 2015. As such, the costs to completion show a further loss of £397,000 and so full provision for this has been made at year end.

## 23 Deferred capital grants

|   | Consolidated<br>HEFCW grants<br>£000 | Consolidated<br>Other grants<br>£000 | Consolidated<br>Total<br>£000 |
|---|--------------------------------------|--------------------------------------|-------------------------------|
| <b>As at 1 August 2013</b>                        |                                      |                                      |                               |
| Land and buildings                                | 7,585                                | 1,057                                | 8,642                         |
| Equipment   | 83                                   | 220                                  | 303                           |
|   | <u>7,668</u>                         | <u>1,277</u>                         | <u>8,945</u>                  |
| <b>Cash received</b>                              |                                      |                                      |                               |
| Land and buildings                                | -                                    | -                                    | -                             |
| Equipment   | -                                    | -                                    | -                             |
|   | <u>-</u>                             | <u>-</u>                             | <u>-</u>                      |
| <b>Released to income and expenditure account</b> |                                      |                                      |                               |
| Land and buildings                                | (400)                                | (104)                                | (504)                         |
| Equipment   | (46)                                 | (102)                                | (148)                         |
|   | <u>(446)</u>                         | <u>(206)</u>                         | <u>(652)</u>                  |
| <b>As at 31 July 2014</b>                         |                                      |                                      |                               |
| Land and buildings                                | 7,185                                | 953                                  | 8,138                         |
| Equipment   | 37                                   | 118                                  | 155                           |
| <b>Total</b>                                      | <u><b>7,222</b></u>                  | <u><b>1,071</b></u>                  | <u><b>8,293</b></u>           |

|   | University<br>HEFCW grants<br>£000 | University<br>Other grants<br>£000 | University<br>Total<br>£000 |
|---|------------------------------------|------------------------------------|-----------------------------|
| <b>As at 1 August 2013</b>                        |                                    |                                    |                             |
| Land and buildings                                | 7,584                              | 787                                | 8,371                       |
| Equipment   | 83                                 | 222                                | 305                         |
|   | <u>7,667</u>                       | <u>1,009</u>                       | <u>8,676</u>                |
| <b>Cash received</b>                              |                                    |                                    |                             |
| Land and buildings                                | -                                  | -                                  | -                           |
| Equipment   | -                                  | -                                  | -                           |
|   | <u>-</u>                           | <u>-</u>                           | <u>-</u>                    |
| <b>Released to income and expenditure account</b> |                                    |                                    |                             |
| Land and buildings                                | (400)                              | (25)                               | (425)                       |
| Equipment   | (46)                               | (102)                              | (148)                       |
|   | <u>(446)</u>                       | <u>(127)</u>                       | <u>(573)</u>                |
| <b>As at 31 July 2014</b>                         |                                    |                                    |                             |
| Land and buildings                                | 7,184                              | 762                                | 7,946                       |
| Equipment   | 37                                 | 120                                | 157                         |
| <b>Total</b>                                      | <u><b>7,221</b></u>                | <u><b>882</b></u>                  | <u><b>8,103</b></u>         |

## 24 Endowment funds and specific reserves

|   | Consolidated and University |                      | Total             |
|---|-----------------------------|----------------------|-------------------|
|   | Restricted<br>£000          | Unrestricted<br>£000 | £000              |
| <b>As at 1 August 2013</b>                                    | -                           | 18                   | 18                |
| Additions   | -                           | -                    | -                 |
| Expenditure for year  | -                           | -                    | -                 |
| <b>As at 31 July 2014</b>                                     | <u>-</u>                    | <u>18</u>            | <u>18</u>         |
| <b>Specific reserve</b>                                       |                             |                      |                   |
| Covenant on behalf of Charity Commission for sale of property | 200                         | -                    | 200               |
| <b>Total as at 1 August 2013 &amp; 31 July 2014</b>           | <u><b>200</b></u>           | <u>-</u>             | <u><b>200</b></u> |

## 25 Revaluation reserve

|   | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| As at 1 August 2013   | 27,546                       | 27,297                     | 28,920                       | 28,662                     |
| Revaluations in the year  | 3,204                        | 3,204                      | -                            | -                          |
| Adjustment for sale of property                                     | (17)                         | (17)                       | -                            | -                          |
| Adjustment  | 1                            | (1)                        | (793)                        | (792)                      |
| Transfer from revaluation reserve to general reserve in respect of: |                              |                            |                              |                            |
| Depreciation on revalued assets                                     | (549)                        | (541)                      | (581)                        | (573)                      |
| <b>As at 31 July 2014</b>   | <b>30,185</b>                | <b>29,942</b>              | <b>27,546</b>                | <b>27,297</b>              |

## 26 Movement on general reserves

|  | Consolidated<br>2014<br>£000 | University<br>2014<br>£000 | Consolidated<br>2013<br>£000 | University<br>2013<br>£000 |
|--|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Income and Expenditure Account Reserve</b>            |                              |                            |                              |                            |
| As at 1 August 2013                                      | 4,198                        | 4,483                      | 7,218                        | 8,984                      |
| (Deficit) / surplus retained for the year *              | (4,043)                      | (3,994)                    | (3,954)                      | (5,427)                    |
| Rounding   | 1                            | 1                          | -                            | -                          |
| Transfer from revaluation reserve                        | 549                          | 541                        | 581                          | 573                        |
| Actuarial gain / (loss) in respect of pension scheme     | (2,134)                      | (2,134)                    | 353                          | 353                        |
| <b>As at 31 July 2014</b>                                | <b>(1,429)</b>               | <b>(1,103)</b>             | <b>4,198</b>                 | <b>4,483</b>               |
| Balance represented by:                                  |                              |                            |                              |                            |
| Pension reserve  | (16,595)                     | (16,595)                   | (14,213)                     | (14,213)                   |
| Income and expenditure reserve excluding pension reserve | 15,166                       | 15,492                     | 18,411                       | 18,696                     |
| <b>As at 31 July 2014</b>                                | <b>(1,429)</b>               | <b>(1,103)</b>             | <b>4,198</b>                 | <b>4,483</b>               |

\* stated after provision against receivables from subsidiary in University financial statements.

## 27 Reconciliation of net cash inflow from operating activities

|   | Notes | 2014<br>£000 | 2013<br>£000   |
|---|-------|--------------|----------------|
| Deficit on continuing operations after depreciation of assets |       | (4,043)      | (3,954)        |
| Depreciation  | 12    | 2,651        | 2,256          |
| Amortisation of goodwill                                      | 13    | -            | 61             |
| Impairment of goodwill  | 13    | 1,141        | -              |
| Loss on impairment of fixed assets                            | 12    | -            | 11             |
| Deferred capital grants released to income                    | 23    | (652)        | (843)          |
| Loss on disposal of tangible fixed assets                     | 8     | 12           | -              |
| Interest payable  | 9     | 323          | 316            |
| Pension cost less contributions payable                       | 33    | (16)         | (47)           |
| (Increase) / decrease in stocks                               | 14    | (2)          | 11             |
| Increase in debtors   | 17    | (691)        | 723            |
| Increase / (decrease) in creditors                            | 19    | 191          | (979)          |
| (Decrease) / increase in provisions                           | 22    | 1,132        | 22             |
| Interest receivable   | 6     | (6)          | (16)           |
| Exceptional reversal of impairment                            | 8     | -            | -              |
| <b>Net cash inflow / (outflow) from operating activities</b>  |       | <b>40</b>    | <b>(2,439)</b> |

## 28 Returns on investments and servicing of finance

|                         | Notes | 2014<br>£000 | 2013<br>£000 |
|-------------------------|-------|--------------|--------------|
| Other interest received | 6     | 6            | 16           |
| Interest paid           |       | (58)         | (31)         |
| <b>Total</b>            |       | <b>(52)</b>  | <b>(15)</b>  |

## 29 Capital expenditure and financial investment

|   |    | 2014<br>£000 | 2013<br>£000   |
|---|----|--------------|----------------|
| Purchase of tangible fixed assets   |    | (43)         | (3,380)        |
| Sales of tangible fixed assets  |    | 168          | -              |
| Deferred capital grants received  | 23 | -            | 76             |
| <b>Net cash outflow from capital expenditure and financial investment</b> |    | <b>125</b>   | <b>(3,304)</b> |

## 30 Management of liquid resources

|   |  | 2014<br>£000   | 2013<br>£000   |
|---|--|----------------|----------------|
| Withdrawals from deposits                                   |  | (1,075)        | (2,180)        |
| <b>Net cash outflow from management of liquid resources</b> |  | <b>(1,075)</b> | <b>(2,180)</b> |

## 31 Financing

|  |  | 2014<br>£000 | 2013<br>£000 |
|--|--|--------------|--------------|
| Debt due beyond a year:                |  |              |              |
| Short term loan repayment              |  | (159)        | (170)        |
| <b>Net cash outflow from financing</b> |  | <b>(159)</b> | <b>(170)</b> |

## 32 Analysis of changes in net funds

|                             | Note | At 1 August<br>2013<br>£000 | Cash flows<br>£000 | Other<br>changes<br>£000 | At 31 July<br>2014<br>£000 |
|-----------------------------|------|-----------------------------|--------------------|--------------------------|----------------------------|
| Cash at bank and in hand    |      | 671                         | (185)              | -                        | 486                        |
| Endowment asset investments | 16   | 18                          | -                  | -                        | 18                         |
| Bank overdrafts             |      | (1,235)                     | 1,214              | -                        | (21)                       |
| <b>Total</b>                |      | <b>(546)</b>                | <b>1,029</b>       | <b>-</b>                 | <b>483</b>                 |
| Debt due within 1 year      |      | (220)                       | (51)               | -                        | (271)                      |
| Debt due after 1 year       |      | (210)                       | 210                | -                        | -                          |
| Current asset investments   |      | 1,190                       | (1,075)            | -                        | 115                        |
| <b>Total</b>                |      | <b>214</b>                  | <b>113</b>         | <b>-</b>                 | <b>327</b>                 |

### 33 Pensions

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 £3,174,000 (2013 - £3,079,000). The expected costs for 2014/15 for the LGPS are £306,000 finance charge and £1,704,000 contributions.

#### 33a Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,128,000 (2013: £1,134,000).



### 33b Local Government Pension Scheme (LGPS)

The following information is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

|  | As at 31 July<br>2014 | As at 31 July<br>2013 | As at 31 July<br>2012 |
|--|-----------------------|-----------------------|-----------------------|
| Rate of increase in salaries                       | 3.80%                 | 3.90%                 | 3.60%                 |
| Rate of increase for pensions in payment/inflation | 2.30%                 | 2.40%                 | 2.10%                 |
| Discount rate for liabilities                      | 4.30%                 | 4.50%                 | 4.30%                 |

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

|   | As at 31 July<br>2014      | As at 31 July<br>2013      |
|---|----------------------------|----------------------------|
| - of a male (female) future pensioner aged 65 in 20 years' time | 26.2 years<br>(29.2 years) | 24.1 years<br>(26.8 years) |
| - of male (female) current pensioner aged 65                    | 23.3 years<br>(25.8 years) | 22.2 years<br>(24.8 years) |

The assets in the scheme and the expected rates of return were:

|                                     | Long-term<br>rate of<br>return<br>expected<br>as at 31 July<br>2014 | Value<br>as at 31 July<br>2014<br>£000 | Long-term<br>rate of<br>return<br>expected<br>as at 31 July<br>2013 | Value<br>as at 31 July<br>2013<br>£000 | Long-term<br>rate of<br>return<br>expected<br>as at 31 July<br>2012 | Value<br>as at 31 July<br>2012<br>£000 |
|-------------------------------------|---|--|---|--|---|--|
| Equities                            | 7.0%  | 7,025                                  | 7.0%  | 12,951                                 | 7.0%  | 10,122                                 |
| Government Bonds                    | 3.2%  | -                                      | 3.3%  | -                                      | 2.5%  | -                                      |
| Other Bonds                         | 4.1%  | 4,209                                  | 4.3%  | 4,208                                  | 3.4%  | 4,240                                  |
| Property                            | 6.2%  | 2,392                                  | 5.7%  | 2,252                                  | 6.0%  | 2,777                                  |
| Cash                                | 0.5%  | 1,332                                  | 0.5%  | 682                                    | 0.5%  | 353                                    |
| Other                               | 7.0%  | 15,322                                 | 7.0%  | 9,542                                  | 7.0%  | 7,749                                  |
| <b>Total market value of assets</b> |   | <b>30,280</b>                          |   | <b>29,635</b>                          |   | <b>25,241</b>                          |
| Present value of scheme liabilities |   | (46,875)                               |   | (43,848)                               |   | (39,569)                               |
| Related deferred tax liability      |   | -                                      |   | -                                      |   | -                                      |
| <b>Deficit in the scheme</b>        |   | <b>(16,595)</b>                        |   | <b>(14,213)</b>                        |   | <b>(14,328)</b>                        |
|                                     |   |  |   |  | <b>2014</b>   | <b>2013</b>                            |
|                                     |   |  |   |  | <b>£000</b>   | <b>£000</b>                            |

#### Analysis of the amount charged to income and expenditure account

|   |                |                |
|---|----------------|----------------|
| Current service cost                                    | (1,529)        | (1,493)        |
| Curtailements   | (9)            | (2)            |
| <b>Total operating charge recognised in staff costs</b> | <b>(1,538)</b> | <b>(1,495)</b> |

#### Analysis of pension finance income / (costs)

|  |              |              |
|--|--------------|--------------|
| Expected return on pension scheme assets | 1,724        | 1,454        |
| Interest on pension liabilities          | (1,989)      | (1,739)      |
| <b>Pension finance costs</b>             | <b>(265)</b> | <b>(285)</b> |

#### Amount recognised in the statement of total recognised gains and losses (STRGL)

|   |                |            |
|---|----------------|------------|
| Actual return less expected return on pension scheme assets   | (1,892)        | 1,151      |
| Experience gains and losses arising on the scheme liabilities | (242)          | (798)      |
| Past service cost gain  | -              | -          |
| <b>Actuarial gain / (loss) recognised in STRGL</b>            | <b>(2,134)</b> | <b>353</b> |

### 33b Local Government Pension Scheme (LGPS) (continued)

#### Movement in deficit during year

|   |                 |                 |
|---|-----------------|-----------------|
| Deficit in scheme as at 1 August 2103       | (14,213)        | (14,328)        |
| Movement in year:                           |                 |                 |
| Current employer service charge             | (1,529)         | (1,493)         |
| Employer Contributions                      | 1,555           | 1,542           |
| Curtailments                                | (9)             | (2)             |
| Net interest / return on assets             | (265)           | (285)           |
| Actuarial gain or loss                      | (2,134)         | 353             |
| <b>Deficit in scheme as at 31 July 2014</b> | <b>(16,595)</b> | <b>(14,213)</b> |

### 33c Universities Superannuation Scheme (USS)

The university participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date.

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS and the USS are multi employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. The total cost for the period was £248,000 (2013: £238,000).

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

|                                      | <b>2014</b>   | <b>2013</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>£000</b>   | <b>£000</b>   |
| At beginning of the year             | 43,848        | 39,569        |
| Current service cost                 | 1,529         | 1,493         |
| Interest cost                        | 1,989         | 1,739         |
| Contributions by scheme participants | 536           | 527           |
| Actuarial gains and losses           | 242           | 798           |
| Benefits paid                        | (1,278)       | (280)         |
| Curtailments                         | 9             | 2             |
| At end of year                       | <b>46,875</b> | <b>43,848</b> |

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

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
|  | <b>£000</b>   | <b>£000</b>   |
| At beginning of the year                 | 29,635        | 25,241        |
| Expected rate of return on scheme assets | 1,724         | 1,454         |
| Actuarial gains and losses               | (1,892)       | 1,151         |
| Contributions by employer                | 1,555         | 1,542         |
| Contributions by scheme participants     | 536           | 527           |
| Benefits paid                            | (1,278)       | (280)         |
| At end of year                           | <b>30,280</b> | <b>29,635</b> |

### 33c Universities Superannuation Scheme (USS) (continued)

#### History of experience gains and losses

|   | 2014            | 2013            | 2012            | 2011            | 2010            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | £000            | £000            | £000            | £000            | £000            |
| Actual return on scheme assets                              | 1,191           | 2,606           | 656             | 2,194           | 2,623           |
| Difference between the expected and actual return on assets | (1,892)         | 1,151           | (699)           | 917             | 1,564           |
| Experience gains and losses on scheme liabilities           | 242             | 798             | (1,876)         | (1,761)         | (1,737)         |
| Present value of the scheme liabilities                     | (46,875)        | (43,848)        | (39,569)        | (34,263)        | (29,594)        |
| Present value of the scheme assets                          | 30,280          | 29,635          | 25,241          | 22,766          | 19,219          |
| Deficit   | <b>(16,595)</b> | <b>(14,213)</b> | <b>(14,328)</b> | <b>(11,497)</b> | <b>(10,375)</b> |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the retrospective markets.

### 34 Financial commitments

At 31 July the Group had annual commitments under non-cancellable operating leases as follows:

|  | Consolidated and University |   |                  |   |
|--|-----------------------------|---|------------------|---|
|  | 2014                        |   | 2013             |   |
|  | Property<br>£000            | Vehicles,<br>plant and<br>equipment<br>£000 | Property<br>£000 | Vehicles,<br>plant and<br>equipment<br>£000 |
| Expiring within one year                     | -                           | -   | -                | -   |
| Expiring within two and five years inclusive | -                           | -   | -                | -   |
| Expiring in over five years                  | 247                         | -   | -                | -   |
| <b>Total</b>                                 | <b>247</b>                  | <b>-</b>                                    | <b>-</b>         | <b>-</b>                                    |

The University has a nominations agreement with Wrexham Village which expires at the end of the 2015/16 academic year.

### 35 Contingent liability

Since March 2012, Glyndŵr London Limited has been involved in a dispute with the previous owners of that company arising from an agreement for services. The value of the claim being put forward is £7.3 million plus costs. Glyndŵr London Limited has put forward a counterclaim totalling £7.7 million plus costs. The Board of Governors are currently of the view that the claim is without merit and hence no provision has been recognised in these financial statements. In any event, even if the claim were successful on current values, it is more probable than not that the counterclaim will extinguish the former owners' claim.

### 36 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. All transactions involving organisations in which a member of the Board of Governors 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. A trivial amount of transactions have taken place in year.

### 37 Access and disability grants

|  | 2014<br>£000 | Re-stated<br>2013<br>£000 |
|--|--------------|---------------------------|
| <b>Access Funds</b>                      |              |                           |
| Balance unspent as at 1st August 2013    | 215          | 224                       |
| Income - Funding Body                    | 117          | 172                       |
| Income - Interest earned                 | -            | -                         |
| Income - Repaid loans                    | -            | -                         |
| Income - Contributions from other bodies | -            | -                         |
|  | <u>332</u>   | <u>396</u>                |
| Disbursed to students                    | (110)        | (181)                     |
| Administration costs                     | -            | -                         |
|  | <u>222</u>   | <u>215</u>                |
| Balance unspent as at 31 July 2014       | <u>222</u>   | <u>215</u>                |

Funding Body grants are available solely for students. In the majority of instances, the University only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the University's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the University on the student's behalf.

The 2013 figures have been re-stated for clearer comparatives.

### 38 Post balance sheet events

In April 2015 the University renewed its existing overdraft facility and this, coupled with additional repayable cash flow support from HEFCW, will enable the group to meet its peak forecast funding requirements as they fall due.



glyndwr.ac.uk

**Glyndŵr University, Wrexham**  
Mold Road, Wrexham LL11 2AW

**T:** +44 (0)1978 293439

**E:** [enquiries@glyndwr.ac.uk](mailto:enquiries@glyndwr.ac.uk)

**W:** [www.glyndwr.ac.uk](http://www.glyndwr.ac.uk)


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