

GLYNDŴR UNIVERSITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

GLYNDŴR UNIVERSITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

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LEADING NORTH WALES OUT OF THE RECESSION

How can a recently created university in the north east of Wales transform the Welsh economy and help lead the country out of its current economic nightmare? That would be a formidable challenge for any institution but it is the one which Glyndŵr University has readily taken up and adopted at the core of its own strategic development.

Having been established at the start of the worst economic crisis in decades it was inevitable that Glyndŵr University would be shaped by the recession and the country's response to it.

Universities have an important role in any economic recovery and both the Assembly and UK Governments have made it very clear what they expect of the university sector – closer collaboration with industry and the creation of a highly skilled and versatile workforce. Both of these expectations are fundamental to Glyndŵr University. It has extensive links with industry and through them has helped and is continuing to help many businesses overcome problems caused by the economic downturn. It has an excellent employment record for its graduates and many employers actively seek out Glyndŵr University graduates for their high level of skills.

Reshaping the North Wales Economy

The University has attracted considerable investment into science and technology in North Wales with the potential for a fundamental reshaping of the Welsh economy as new well-paid employment opportunities open up. It has created new partnerships and strengthened existing ones with multimillion pound developments in industrially based research, and it has linked a wide range of economically important initiatives under a single strategy for economic recovery.

Glyndŵr University was never intended to be an ivory tower, concentrating on theory or blue skies research. Rather it was always going to be an active participant and partner in the social, cultural and economic development of North Wales. In every aspect of our society, in both public and private sectors, the University has sought not only to provide the intellectual raw materials necessary for social and economic growth but also to act as a facilitator, bringing complementary talents and resources together.

A downturn on the scale of the current economic crisis is bound to have an effect on an organisation such as a university which is so closely integrated within the social and economic infrastructure of North Wales. Many companies have closed their doors, laying off loyal staff. Others, feeling the economic pinch, have reduced expenditure on staff development or research to a minimum as cost efficiencies are sought. Despite this the need for universities has never been greater. Companies wishing to increase profitability or even just to survive now more than ever need a competitive edge over other businesses in their sector. This greater competitiveness could be the result of increased productivity resulting from a more effective workforce, better integrated systems, new products or services or even just a better way of doing the existing work. Whatever the need, the University has an important contribution to make in achieving it, whether it is in producing a highly skilled workforce, research and development, consultancy or access to specialist knowledge or equipment.

Rather than meekly accepting this economic tsunami and keeping its head down Glyndŵr University rose to the challenge and presented an alternative vision, one of recovery and competitiveness, of growth and investment, of hope and prosperity. This vision was contained in the University's strategy for economic growth submitted to the Deputy First Minister and Minister for the Economy and Transport. Rather than merely producing the strategy and leaving it to others to implement, Glyndŵr University has actively pursued the strategy with exciting initiatives at the sites along the A55 identified for further development.

These initiatives vary from the ESO Extremely Large Telescope at St Asaph, through the new land based provision offered at the University's facility in Northop to the joint Advanced Composite Materials Training and Development Centre with Airbus in Broughton, the Centre for the Child and

the Creative Industries building in Wrexham. At each site a project has been launched to develop an important aspect of the University's activities. These will all be supported by an enhanced supply chain of local businesses and partners and will bring employment and income into the areas.

One of the most exciting developments currently being undertaken by the University is its involvement in the ESO (European Southern Observatory) project. ESO is the world's leading intergovernmental astronomy organisation which operates a number of observatories mainly in South America. ESO's most prestigious and scientifically significant project is the designing and building of the European Extremely Large Telescope. When operating, this facility will vastly advance astrophysical knowledge, allowing detailed studies of subjects including planets around other stars, the first objects in the Universe, super-massive black holes and the nature and distribution of the dark matter and dark energy which dominate the Universe. Integral to this project is a revolutionary 42 metre mirror. In order to achieve this 1148 mirror segments have to be produced to an accuracy in excess of one-fortieth of a hair's breadth and it is on this aspect that Glyndŵr University scientists are working.

This project depends on a close partnership between the University and industrial partners, and has the potential to bring over €300 million into the North Wales economy with consequential increases in the skills level of the local workforce.

The Northop site has seen new academic programmes developed and two buildings significantly refurbished. Plans are being drawn up for a further expansion of research activities in Flintshire. Students on programmes at Northop have already started making an important contribution to the image and profile of the University in new areas as they win important RHS prizes for their design work.

The long relationship between the University and Airbus has developed further with the University's growing expertise in composite materials which led to the opening of the new Training and Development Centre at Broughton operated jointly with Airbus.

The two Wrexham capital developments are also integral to the university's continuing links with industry and the professions. The Creative Industries Building scheduled for completion in January 2011 will bring together practitioners in many varied fields of the creative industries sector, while the Centre for the Child and Family scheduled for completion in March 2011, will provide a focal point for the many disciplines surrounding all aspects of a child's development.

At the heart of the University's strategy therefore are its links with industry: getting students into employment; ensuring employers have a suitably skilled workforce; giving businesses the competitive edge through research or consultancies; and bringing greater efficiencies to the public sector.

Strength in Partnership

Much of the high profile research undertaken in the UK today is funded by the Research Councils. With a combined budget of £2.8 billion the seven Councils account for approximately 70% of all universities' research income. Traditionally and increasingly the Councils have favoured the large traditional research intensive universities for their investment. The result of this is that the smaller, industrially relevant research is funded by the businesses themselves and much of it is conducted by the smaller, more locally based universities in partnership with businesses.

Partnership is an important part of everything the University does. Indeed all the work undertaken by Glyndŵr University in the development of new programmes, in research and increasingly in the University's administration is in partnership with other educational providers, with industry or the public sector. 23% of the University's research income currently comes from industry, a figure far higher than any other university in Wales.

Small and medium sized enterprises make up approximately 95% of businesses in North Wales. These rarely benefit from the often blue skies research carried out for the Research Councils. Instead they have to fund their own research or rely on a number of government-funded programmes aimed at supporting the SMEs. The most popular of these programmes are Knowledge Transfer Partnerships (KTPs) which allow businesses to work with universities on projects designed to meet the company's needs in a cost effective manner. As such these schemes are ideal for the industrial profile of North Wales. Glyndŵr University is leading the way with KTPs.

The University's activities are not restricted to SMEs. It has hugely successful links with many larger organisations such as Airbus, Toyota, United Utilities, Japanese food giant San Ei Gen.

Working for Social Justice

At the heart of the University's mission is the belief that the financial benefits associated with higher education should flow through to all sections of society. This means that the University should try to ensure that people from all sectors of society have an equal chance to enter and succeed in higher education regardless of their social and economic background. The University has consistently appeared at the top of the various league tables for widening participation, such as entry from state schools.

The commitment to meeting the industrial needs of North Wales and the belief that education is a right for anyone who can benefit from it is at the heart of the University's philosophy.

The University's role is not restricted to Wales. Its international profile has grown significantly with a record intake of international students and the development of new links with universities and colleges across the globe.

The University Cultural Role

The University is also working to build competitiveness and reinforce cultural awareness. The role of a University is not restricted to economic development. For centuries universities have produced graduates with a wide and usually classically based education. Reforms of the university system in the nineteenth century updated to some extent the university curriculum, but it was the creation of the new universities in the twentieth century that introduced the more utilitarian aspect of the university's role. By the end of that century the university was seen purely in terms of economic prosperity. It has an important civic role as well. This takes many forms including acting as a cultural centre and providing a community educational role.

Ministers have stated that universities are integral to the building and maintaining of national values and cultural awareness. As such the university has worked hard to strengthen the Welsh identity of the University, building on the inspiration the name Glyndŵr University has given. One aspect of this feature is the growth in the number of Welsh speaking staff and students at Glyndŵr University and the University's response in increasing the opportunities for Welsh speakers to use the language in their dealings with the University including an increase in the number and range of programmes available through the medium of Welsh.

The facility is also being used for a number of events in preparation for the National Eisteddfod's visit to Wrexham in 2011 and is expected to be used considerably during the festival itself.

Preparations continue across Wrexham to welcome the National Eisteddfod back to the town for the first time since 1977. Representatives from the University sit on many of the Eisteddfod's local organising committees.

Building on the success of Techniquet Glyndŵr the University was chosen as one of the four centres for the National Science Academy for Wales. With an increased emphasis on the STEM subjects (Science, Technology, Engineering and Mathematics) the importance of the activities undertaken by Techniquet Glyndŵr continues to grow.

The performing arts in Wrexham have received a considerable boost since the opening in 2009 of the Catrin Finch Centre, at which the former Royal Harpist played JS Bach's Goldberg Variations. This state of the art 200-seat theatre provides an excellent facility for students on the theatre and performance degree programme and has seen a number of their highly popular productions, including Blood Brothers and Under Milk Wood. Other touring theatre companies have also used the Centre which has also hosted concerts, workshops and lectures.

Preparing for the Future

The past year has seen a number of new appointments to the University as it seeks out the best in their field. Nearly all these new appointments are research active with the result that new areas of research are opening up the University. They are also encouraging existing academic staff in their research areas.

In responding to the changing economic environment the University has introduced an innovative and bold internal structure unique in the UK. Out have gone the seven old academic schools based on discipline, to be replaced by two Schools – the School for Undergraduate Studies and the Graduate School which will commission the academic programmes from the two University Institutes – the Institute of Arts, Science & Technology and the Institute of Health, Medical Sciences & Society. All the courses offered by the University will therefore be subject to careful scrutiny and the University's portfolio will be continually updated.

A new commissioning system means that each academic programme is continually assessed against a wide range of key performance indicators. These will demonstrate whether students on the programme are getting the experience they require and whether the students are getting jobs at the end of their studies. Programmes will be assessed for their contribution to the economic wellbeing of North Wales, the academic profile of the University and their strategic importance will be assessed.

This system is unique in the UK. A few other universities have made tentative steps towards adopting such a model but none has had the courage so far to adopt the system totally. Many universities and other organisations associated with the university sector will be watching the developments with great interest.

The greatest feature of this new system is the transparency it provides. Decisions on which programmes to offer are made on the basis of clearly defined criteria measured in an open and public manner. The process is also in line with the concept recently adopted in Westminster of the post-bureaucratic age, where the people responsible for meeting targets are those who deliver the service.

Universities do not work in a vacuum. They are an important part of civic society and as such have a number of common interests with other organisations. As the whole of the public sector tightens its belt, opportunities are explored into how closer collaboration could save money and provide a more effective & efficient service.

Glyndŵr University is working closely with Yale College and other further education colleges across North Wales in order to promote greater progression from further education into higher education.

Alongside and closely linked to this increasingly productive network is the government's Regionalisation agenda. Having first advocated it in For Our Future, the government is seeking to insert a regional dimension into higher education planning in Wales in order to reduce nugatory competition. In order to achieve this Wales has been split into three regions with Glyndŵr University in the Mid and North Wales region alongside Bangor and Aberystwyth Universities. Discussions continue within the regions in order to meet the required timescales.

Glyndŵr University was born into difficult times. But never was an organisation like Glyndŵr University more needed. Its focus on industrial needs and on serving the social, economic and cultural life of our communities has never been greater. Everyone agrees that there are difficult times ahead, yet Glyndŵr University is well placed to lead North Wales out of the recession.

Public Benefit

Glyndŵr University became an 'excepted' charity from 1st June 2010 under the terms of the Charities Act 2006.

The University is in the process of registering with the Charity Commission and this statement has been included in anticipation of the University's registration and therefore of the formal reporting requirement which has been introduced by the Charity Commission as the principal regulator of Welsh higher education institutions under the Charities Act 2006.

The University's Board of Governors has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

Aims and Objectives

The overall aim of the University is set out in the Education Reform Act 1988 which states that a higher education corporation "shall have the powers to provide higher education, further education and to carry out research and to 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."

The University's mission is to be a market led, student centred university of international significance, open to all. The University's Strategic Plan 2009 – 2014, which is available on the University website, builds upon both the University's overall aims and its mission.

The implementation of the University's Strategic Plan will always be 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.

Education for Sustainable Development and Global Citizenship

Throughout 2009/10 Glyndŵr University has continued to make good progress in this area, with a proactive approach to issues of environment sustainability and the take up of issues raised in the Welsh Assembly Government's EDSGC and subsequent HEFCW funding with work focused through the Sustainability Forum. Environmental sustainability was recognised as a cardinal element of wider sustainability, and an Environmental Policy has been developed which provides a framework within which issues relating to environmental sustainability can be progressed. The key to this is the establishment of an Environmental management system with the monitoring of the institution's environmental impact in order to ensure continual improvement of performance and compliance with all legislative and regulatory requirements.

The University's Environmental Policy is designed to:

- Raise levels of environmental awareness in all of its staff and students through ongoing campaigns and monitoring of all taught programmes to see where sustainability and global citizenship could be further incorporated.
- Minimise energy use through improved energy conservation measures, training staff and students in the better use of energy and by the phased introduction of more efficient boilers and energy management systems and equipment.
- Maintain existing buildings and estates in good condition and ensuring that the environmental impact of new buildings and facilities is assessed, with all new projects subject to BREEAM assessment and a target rating of "excellent".
- Work towards more efficient use of materials and the reusing or recycling of materials.
- Encourage through a new green travel plan: public transport use; bicycles and lift-sharing for staff and students; the use of video and telephone conferencing where appropriate; and furthermore will minimise the environmental impact of its own transport fleet by purchasing vehicles of appropriate engine capacities using low-emission fuel.
- Minimise waste generation by addressing the use, re-use and recycling of materials in-house, disposal of its general wastes externally with regard to the best recycling practices and disposal of chemical/biological wastes in accordance with prevailing legal regulations.
- More effective use of water, with rigorous monitoring of usage, ensuring use is made of recycled water where possible, and raising awareness of water usage amongst staff and students.

- Ensuring that outputs to its drainage systems comply with anti-pollution regulations and do not pose an environmental hazard in the event of the accidental spillage of any potentially polluting materials on-site.
- Maximisation of campus biodiversity through the judicious planting of native species and provision of nest boxes and refuges for birds and insects.
- Review of purchase and procurement policy to assess the environmental impact of purchases and services.

These policy commitments to environmental sustainability provide a central focus within the Estates Strategy (2008), which is designed to address the impact and costs of environmental sustainability including reducing energy consumption, the control and reduction in generated waste and the introduction of waste recycling initiatives. The Estates Department has an energy policy and a policy for the environmental management of waste.

The Energy Policy sets out the University's aim to reduce consumption and eliminate waste without adversely affecting living and working conditions. The policy is based on the conservation and protection of the environment, whilst also seeking to reduce costs through use of the most cost effective suppliers. It also addresses overall energy consumption and utilisation and means of increasing energy efficiency. This is implemented in number of ways, including all building and maintenance works (increasing double glazing, more efficient boiler systems, energy efficient lighting, etc) and the purchase and consumption of energy and water. Setting targets for energy use, increasing the awareness of staff and students and the use of effective energy and environmental management practices/systems form part of the policy document. A key dimension is the improved monitoring of energy and resource use, and the setting up of an energy monitoring group and the installation of sub-meters which have improved the University's ability to monitor and target energy and water consumption across the campus. The University has recently completed its registration under the Carbon Reduction Commitment scheme and is in the early stages of developing a Carbon Management Plan.

The University's Environmental Policy for the Management of Waste is designed to review sustainable waste management and disposal practices within the Institute. This policy aims to achieve the Welsh Assembly Government targets for reducing the amount of municipal waste destined for landfill sites, whilst also obtaining financial savings, increase the positive, public profile of the University and have positive benefits for public health. The policy clearly identifies the roles and responsibilities of all managers for environmental matters and will set targets to reduce waste. The Sustainability Forum provides a platform for the determination of effective methods for waste segregation and associated resource and cost implications, as the first steps towards a comprehensive recycling scheme throughout the Institute.

Work on Environmental Sustainability and Global Citizenship has been progressed more widely in the work undertaken on the review and monitoring of the curriculum, and an assessment of ways in which awareness can be embedded within the curriculum and its delivery.

Estates and Sustainability.

The University's Estates Strategy (2008) provides a clear statement of estates and resource development to support the planned growth of student numbers and diversification of curriculum. Planned capital and estates investments include the building of a new Centre for the Child and a major new Centre for the Creative Industries to support the development and delivery of new interdisciplinary curriculum. The Estates Strategy also places considerable focus on measures and performance indicators linked to environmental sustainability, as signalled above, including procedures for monitoring environmental indicators and ensuring more efficient use of resources.

Widening Access/Participation

Glyndŵr University's strong record of performance in terms of Widening Access was again confirmed in 2009/10 through performance in national Performance Indicators, and also against internal measures. Performance against Reaching Higher targets although improved, was not as strong as might be hoped across all measures. The number of full-time students confirmed in receipt of DSA is 434, compared with 345 in 2008/09, representing 14.6% of the full-time student population. The recruitment of ethnic minority students also saw some improvement with 104 students in 2009/10 from ethnic minority groups (3.5% of the of the UK/EU student population compared to 2.8% in 2008/09). The performance on Welsh Communities First areas also saw an increase to 8.7% for 2009/10 compared to 7% in 2008/09.

The Board approved a new strategic plan for the University during 2009 for the years to 2014. The Board monitors progress of the strategic plan to ensure that it continues to be fit for purpose and allow the University to respond to political agendas both within Wales and UK-wide, in an evolving higher education environment which continues to strive for the best possible experience for students and the maintenance of a buoyant economy.

Board of Governors

Independent Members

Mr G Andrews BSc MSc	(resigned 28/1/10)
Professor Eileen Baker OBE BA MSc PGCE DLitt FRSA	(Interim Chair, resigned 6/11/09)
Mr Michael Cant BArch MBA MLoD MRICS	Acting Chairman 9/11/09 to 15/7/10 Chairman from 15/7/10 onwards)
Mr Mervyn Cousins MMus, BMus, PGCE	(joined 22/4/10)
Mr Derek Griffin	(joined 22/4/10)
Ms Julia Grime LLB ACA	(joined 22/4/10)
Mr David Howard BSc (Hons) ACII	Acting Vice Chairman 9/11/09 to 15/7/10
Mr Robert Hill	Vice Chairman from 15/07/10 onwards)
Judge R Philip Hughes	(resigned 15/11/09)
Mrs Jane James	(resigned 10/11/09)
Lady Janet Jones	
Mr John Kenworthy	
Mr Bruce Roberts BSc BA FCA	(joined 1/9/09)
Mr Malcolm Thomas	
Professor Peter Toyne CBE DL	
Mr Ian Williams	(joined 1/09/09)

Co-opted Members

Professor Bim Bhowmick DL OBE MD FRCP

Vice Chancellor and Chief Executive

Professor M Scott DL BA MA PhD FRSA

Academic Board Nominee

Ms Pam Hope BSc, DipN, PGCDE, RGN, RNT

Co-opted member of teaching staff

Mr Brian Heath BSc, MSc, MASI, FRSPH

Co-opted member of operational staff

Mrs Lynda Powell MBA MIH

Students' Nominee

Mr Carwyn Minard

Co-opted Members of Audit Committee

Mr Ian Morris

Dr Janet Wademan

(joined 1/09/09)

Governor's remuneration

Members of the Board of Governors are not remunerated for their posts but may receive reimbursement of expenses necessarily incurred in the performance of their duties.

Auditors

The University has, for the year, appointed the firm PricewaterhouseCoopers LLP as its external auditors and RSM Tenon as internal auditors for the year to 31 July 2010.

OPERATING AND FINANCIAL REVIEW

Scope of the financial statements

These financial statements cover the activities of the University and its subsidiary companies, for the year ended 31 July 2010. The subsidiaries donate their taxable profits to the University.

Operating Review

Glyndŵr University has inherited a 120 year history of providing higher education for the people of North East Wales. It was established by the people as a result of what they saw as a gap in educational provision in the North Wales. It soon established excellent links with business, a relationship it is proud to continue today. The University is committed to two core priorities:

1. Employability of graduates
2. Contribution to the socio-economic growth of the region,

and it has bold and exciting plans to create a new kind of institution, one able to meet the needs and priorities of Wales, to meet the higher-level skills needs of Wales, to work closely with industry and public sectors to deliver a dynamic and relevant curriculum. It will retain its strengths in terms of Widening Access and Participation, strengthening the quality of student experience, whilst also growing significantly in the period of its Strategic Plan. The University will grow as a sustainable, forward-looking and business-facing organisation, with a clear and integrated approach to strategic planning at all levels and with clear and deliverable targets reviewed and monitored through well-developed systems and processes.

Aspirations

Glyndŵr University has clear aspirations for the next five years.

1. To position itself as a new University, with a clear and distinctive vision, and new 21st Century University of, and for Wales. It will be modern, responsive and dynamic in outlook, committed to growing and being recognised, nationally and internationally, with a growing research profile and socio-economic contribution to the regional and national economy.
2. It will continue to build on its existing strengths, the commitment to employability, socio-economic development and its partnerships with industry and employers. Its curriculum will be vibrant, modern and close to market, including interdisciplinary and innovative programmes in areas such as Creative Industries, Technology and work-based programmes and its research will be applied and close to market.
3. It will also build on its existing strengths of Widening Access, its well-developed close community basis (including the Science Festival and the Children's University) and its commitment to student-centeredness and proactive student support.

Strengths and Areas for Development

There are a number of reasons why Glyndŵr University can be seen to be developing on sound foundations. Its energy, commitment and vision can be ascertained from the range, breadth and pace of curriculum development which it has undertaken in the last two years, with the processes of Curriculum Review and Curriculum Implementation ensuring that Glyndŵr University has a range of modern and innovative programmes which will meet the current and future needs of the market. This new curriculum will help to ensure that it can deliver on the ambitious targets it has set itself for the growth of student numbers both full-time and part-time.

The University retains a clear and relevant vision which is wholly in line with Welsh Assembly Government priorities for HE provision which meets the needs for employability and higher skills development. It is already well-placed in the delivery of work-based programmes and Foundation Degrees (such as those offered in association with Airbus UK and the Health and Social Care professions), and has a range of active partnerships with industry and public sector organisations. It is establishing itself as a lead institution in Wales in the delivery of work-based learning programmes.

It also has a well-established position in terms of Widening Access and Participation, and consistently over-performs against benchmark in these areas. It is, therefore, well-placed to develop its strengths in Employability as a significant USP, building on current work-based and industry links, and curricular innovations.

The University remains in a strong financial position, having no loans or mortgages, with strong capital reserves and a well-developed capital investment programme. Its long-term financial health will be secured through the fee income derived from the growth of numbers across targeted levels and modes of delivery, the on-going commitment to securing greater cost efficiencies, and through the growth of research and consultancy income. It is well-placed to grow, with an excellent estate, an ambitious capital investment programme, a well-developed geographical base (population base, skills base and the strengths of industry links within the region, including two of the largest industrial parks in Europe within 15 miles), which will enable it to realise this growth.

The University is committed to excellence in learning and teaching, with a strong record in terms of pedagogic research and national profile in these areas. It was the first in Wales to have an Higher Education Academy accredited professional development programme, and these foundations will ensure that it is well-placed to enhance this reputation and status.

In terms of governance and management the University has evidence of sound governance and effective managements. The University has a well articulated planning process, based on clear overall strategic vision, and a full range of sub-plans and systems for tracking, monitoring and review of progress against targets.

In our view, Glyndŵr University is therefore, well-placed amongst Welsh HEIs and has a clear sustainable future as a university in its own right. It recognises that there are areas for further action and development in a number of areas, but does have plans to address each of these. In Welsh Medium provision, for example, growth and diversification (including validation of new bilingual provision) has taken place, although it is recognised that this has been from a low base. In respect of Research the University was delighted with the outcome of the Research Assessment Exercise 2008, which showed for the first time in such a detailed evaluation the overall quality of the Research work being undertaken in the University compared to national and international standards. Overall, more than half of the University's research was judged to be at least of a quality that is recognised internationally in terms of originality, significance and rigour, with almost a quarter being considered internationally excellent or world leading. This is an excellent base from which to work towards our commitment to securing rDAPs.

Planning Assumptions

The University is fully committed to supporting the policies of the Welsh Assembly Government as documented in the One Wales agreement and the higher education strategy, which flowed from it, *For our Future*. It sees both the economic and the social development of Wales as the key drivers of its activities. The Plan for the period of the strategic plan to 2009/14 is underwritten by a number of assumptions, a number of which are detailed below:

- There will be growth in student numbers overall over the next five years, rising to over 6,000 enrolments, with a 20% increase in overseas student enrolments which builds upon our success in developing partnerships in India and China. This will be supplemented by an increase of 25% by 2014/15 in the number of students enrolled on post-graduate programmes.
- In terms of the student experience the retention rate is targeted at 10% with a projected completion rate of 70% and an overall student satisfaction from the National Students Survey of 86% over the life of the plan.
- Included within the economic indicators is a target of a graduate employability rate of 95%.

- The financial position will continue to remain healthy and robust and with a consistent surplus in excess of 3% achieved over the life of the plan. HEFCW funding and the recent announced cuts in Government public sector spending. Growth will be supported on the basis of growth in part-time students and overseas fee income.
- Income from Research and Consultancy to increase also in line with planned projections to 10% of overall income.
- Capital investment programme to continue as outlined in Estates Strategy.
- The University will continue to maintain planned performance levels in Widening Access and participation.

Research and Scholarship.

The University has set itself the target of securing Research Degree Awarding Powers (rDAPs) by 2012/13 and has undertaken a major revision and updating of the Research and Scholarship Strategy to define key objectives and targets, drawn directly from the rDAPs criteria but directed towards capacity building of staff research and qualification base, research income and professional staff development.

The University's latest research report describes both advanced research and development and the application of research and knowledge in support of businesses, industry, external bodies, and the community. It also shows how the research underpins the academic courses offered by the University and ensures that students are exposed to the latest ideas at the forefront of their fields of study.

Welsh Medium Provision

The strengthening of the Welsh language in the North East of Wales is reflected in the University's Welsh medium development strategy which aims to create a sustainable and deliverable system of Welsh medium higher education which will provide increased Welsh and bilingual learning opportunities at the University for the benefit of the economic, social and cultural life of North East Wales.

The strategy emphasises the development of Welsh medium elements of programmes rather than programmes delivered exclusively through the medium of Welsh. In terms of performance, the number of Welsh domiciled students undertaking some element of their course through the medium of Welsh is targeted at 750 by 2014 (current performance is 460).

Student Statistics

There was an increase of 3% in total enrolments in 2009/10, from 7,732 in 2008/9 to 8,000, and an increase in overall FTE to 5,045. The main increase was due to significant increases in full-time student numbers, from 2,991 to 3,696 enrolments, an increase of 24% overall, and with 36% increase in the number of new full-time students.

International student numbers increased by 58%, including enrolments to partner colleges taking the total to 728 International students.

The majority of Degree programmes saw increased enrolments, with an overall increase of 17%, and Foundation Degree enrolments also increased by 66%.

Part-time enrolments fell, by 9% overall. This was due in part to reduced Franchised Out enrolments at partner colleges and organisations, but also to lower recruitment to short courses.

There was increased recruitment to full-time Postgraduate programmes, up 22% for PGR students to 50, and up 46% to 597 Postgraduate Taught. Part-time PGR increased by 106% to 66, whereas part-time postgraduate taught remained static at 434 enrolments.

In terms of the classification of degree qualifications, the distribution was generally in line with the previous year with First Class at 11% (10.7% in 2008/09), Upper Second at 33% (35.6% in 2008/09), Lower Second at 36% (31.3% in 2008/09) and Third/Pass at 20% (22.4% in 2008/09).

Financial Strategy

The University's financial strategy is concerned with financing the strategic plan of the University, the fundamental purpose being to support the achievement and sustainability of the University's mission and positioning in the current funding and financial environment. The financial strategy has been structured on the basis of five guiding principles that are fundamental to long term viability, compliance with which is demonstrated by:

1. Long-term viability and matching resources with objectives.
2. Maintaining productive capacity to meet current objectives.
3. Financing development and investment.
4. Evaluating strategic alternatives and managing risks.
5. Integrating financial and other corporate strategies.

These principles are considered in the development and implementation of the treasury policy, its normal planning, budgeting and medium-term forecasting cycle, and in the planning and execution of its capital investment programme. This is further articulated through four key parameters:

1. Reduce reliance on funding council income as a percentage of total income – 41.6% achieved in 2009/10 (47% in 2008/09).
2. Maintain an operating surplus, before exceptional costs, as a percentage of total income at 3% – 3.8% achieved in 2009/10 (2% in 2008/09).
3. Increase total gross turnover for the Group – £43.5 million achieved in 2009/10 (£38.7 million in 2008/09).
4. Maintain cash liquidity at a minimum of 80 days' of expenditure – 70 days in 2009/10 (73 days in 2008/09).

Financial Review

Glyndŵr University's consolidated group result for the 12 months to 31 July 2010 after exceptional restructuring costs of £634,000, release of an element of a brought forward impairment provision of £630,000 and impairment of goodwill can be summarised as follows:

	2010 £000	2009 £000
Income	43,508	38,673
Expenditure	<u>(41,825)</u>	<u>(38,015)</u>
Operating surplus	1,683	658
Exceptional Reversal of Impairment	630	(1,500)
Exceptional Restructuring	(634)	--
Exceptional Impairment	<u>(513)</u>	--
Result for the year	1,166	(842)

The underlying operating surplus on continuing operations for the University and its subsidiary companies, after group recharges, for 2010 is detailed below:

	£000
Glyndŵr University	1,368
Plas Coch Sports Ltd	(60)
Glyndwr Innovations Ltd	(16)
North Wales Science	--
Optic Glyndŵr Ltd	<u>(126)</u>
Group position	<u>1,166</u>

In 2008/09 the Group recorded an exceptional impairment charge of £1.5million on its treasury deposit with Kaupthing Singer and Friedlander. During 2009/10 the administrators indicated that the final return to the University will be between 63p and 78p in the £. The University has therefore taken the decision to write back the difference between the original 50% write-off and the midpoint of the anticipated dividend at 71p. To date the University has received back cash of £1.35 million of its £3 million deposit.

The Group operating surplus performance before exceptional items was strong with a surplus of £1.7 million (3.8% of total income). Even after allowing for the restructuring costs the surplus is a strong result at £1.2 million (2.6% of total income).

In 2009 the University acquired the trade assets and liabilities of Optic Technium in St Asaph and incorporated these into a new trading subsidiary company – Optic Glyndŵr Ltd. During 2009/10 a restructuring of activities was undertaken that included amalgamating activities from this subsidiary with the activities of the University in the main but also with the University's other three subsidiary companies, so to achieve economies of scale and remove duplication. As a consequence of the Optic Glyndwr Ltd now only contains the European Space Observatory contract.

The trading of the subsidiary companies of Plas Coch Sports Limited and Glyndŵr Innovations Limited was in line with budgeted expectations. The activity within Optic Glyndŵr Limited relates in the main to the European Southern Observatory (ESO) project. Whilst this Company has incurred a small trading loss, there has been a significant improvement in the overall control environment. The University has confidence that given its strategic importance with regard to the University's research ambitions, it will generate sufficient return to support the carrying value of its fixed assets going forward. Recent progress and discussions with ESO officials have confirmed their satisfaction with the overall project to date which mitigates the inherent funding risk associated with this project.

Goodwill arising from the acquisition of Optic Glyndŵr Limited has to date been carried in the balance sheet for amortisation over ten years. A decision has been made to accelerate the amortisation in this financial year and leave one year's amortisation to be carried over to 2010/2011. This is disclosed under Exceptional costs in the Income and Expenditure account. The fixed assets associated with the acquisition remain in the fixed assets of the University and are being depreciated in line with normal accounting policy over ten years, reflecting the forecast economic benefit the assets bring to the Group over this life.

Income

Total income has increased by £4.8 million (a 12.5% increase from 2008/09). Funding Council grants decreased slightly due to a reduction in other grant income as opposed to the main teaching grant. Tuition fees and educational contracts increased by £3.1 million or 24% in line with strong growth in Full-time Home and EU students as well as further sustained growth with international student recruitment.

Continuing the University's excellent performance in RAE 2008, income from research grants and contracts has increased by £828k (55%) in 2009/10.

Other income generating activities have risen overall by £1.1 million (19%) due mainly to activities within the trading subsidiary companies and a donation of land at Northop. Income from residences, catering, and conferences has reduced by 5% reflecting the external economic environment.

Endowment and investment income has reduced by 91% to £17k reflecting the significantly reduced interest rates available in the treasury deposit market.

The University was donated land at the Northop Site. Under the HE Statement of Recommended Practice requirements, this land was valued at £536k and the associated credit taken to the income and expenditure account as a donation in other income.

Expenditure

Total expenditure has increased by 7% (£2.8 million) the majority of which was in relation to staff costs which have increased by 11% (£2.5 million). The biggest element of this (£1.3 million) related to teaching departments as a consequence of the significant increase in research activity. The pay award in year was 0.5% with effect from 1st August 2009 which was in line with the Universities & Colleges Employer Association national agreement.

Other operating expenses have increased by 6.9% (£981k) with the majority being attributable to other teaching support services primarily scholarships payable to overseas students.

Balance Sheet review

The net assets of the University's Group stand at £37.5 million, an increase of £5.8 million from the previous year. This is a result of investments in a new building programme and infrastructure and equipment upgrades supported by deferred capital grants. This figure is after taking into account a pension liability of £10.4 million (£11.7million in 2008/09), valued in accordance with FRS17 'Retirement benefits'.

Fixed assets

The net book value of land and buildings, including assets under construction, increased to £48.3 million over the year reflecting the progress on the University's ambitious capital development programme. There have been additions of £5.9 million in the year under review.

Endowment assets

There was no change in the endowment assets of the University during the year.

Current assets

Debtors

The overall debtors' position for the University has reduced by just over £1.3 million despite an 12.5% increase in total income reflecting the additional resource that has been invested in this area of work during the year.

Cash at bank and investments

This balance represents cash and investments held in current accounts and in treasury deposit accounts. As at the year end date, there was an overall increase in cash of £85k to £7.8 million. Of this just over £4 million is held in short-term deposits.

Creditors

Creditors falling due within one year are £1.7 million less than 2009 at £9.2 million, largely relating to reductions in trade and other creditors.

There is a single obligation under finance leases of £1 million which is due after more than one year which relates to the acquisition of assets in respect of Optic Glyndwr Ltd.

Deferred capital grants

Deferred capital grants have increased by £2.9 million in line with grants given in relation to the capital development programme.

Pension

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. The impact of this change is to reduce the employer's FRS17 liabilities in the Clwyd Pension Fund. For this University this is a reduction of £2 million.

Revaluation reserve

The revaluation reserve has reduced by £446k reflecting the release of excess depreciation to the I&E.

Treasury policy and objectives

Treasury management comprises the management of all cash, money market investments and capital market transactions connected with the cash and funding resources of the Institute and the identification and control of all associated risks.

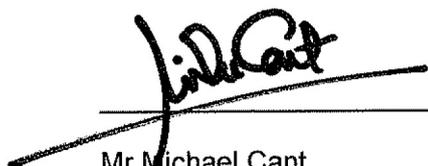
All treasury management activities involve risk and potential reward. Raising of Capital Finance - The policy of the University on borrowing is to minimise the cost while maintaining the stability of the Institute's financial position by sound financial management.

Investment of Surplus Funds - The objective for any lending or investing of funds is to achieve the best possible return whilst minimising risk and preserving capital value. The overriding principle being the avoidance of risk over the maximising of return.

Reporting Statement

This review has been compiled in line with the Operating and Financial Review guidance provided.

Signed on behalf of the Board:



Mr Michael Cant
Chairman

Date: 10th DECEMBER 2010

CORPORATE GOVERNANCE

Glyndŵr University, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies, the standards in public life enunciated by the Nolan Committee, the Combined Code and recommendations arising from the Dearing Inquiry into Higher Education.

Throughout the year ended 31 July 2010, the University has been in compliance with all the Code provisions set out in the Combined Code insofar as they relate to Universities.

The University's corporate governance arrangements have been established in such a way as to conform with these duties, and, where appropriate, are also informed by the guidance on good practice in university governance offered by the Committee of University Chairmen most recently issued in March 2009. This incorporates a Governance Code of Practice.

In respect of the year ended 31 July 2010, the Board of Governors report that whilst a Corporate Governance matter has been raised, and the result of an associated review is awaited, they believe that they have taken appropriate actions to address the matter, and as such believe that there was no element of the code with which the University's practice was not consistent.

The Board of Governors has adopted a statement of primary responsibilities, which is published on the University's governance 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 Board has the following committees: a Student Affairs Committee; an Audit Committee; Finance and General Purposes Committee; Human Resources Committee; and a Nominations Committee. The Board, on the recommendation of the Nominations Committee, appoints all members of the Board who sit on these committees. The Board also appoints external members co-opted to Board Committees. A Register of Interests is maintained and declarations of any conflicts of interest are made at the start of each Committee and Board meeting. The Audit Committee and the main Board conduct annual effectiveness reviews. All sub committees review and reflect on their work and provide an annual report to the Board of Governors.

As the governing body of the Glyndŵr University, we have responsibility for maintaining 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 we are responsible, in accordance with the responsibilities assigned to the governing body in the instrument and articles and the Financial Memorandum with HEFCW.

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.

A strategic risk register has been in place all year up to 31 July 2010 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 all new initiatives identified during the year. These processes have been applied up to the date of approval of the financial statements and accords with HEFCW guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We meet at regular intervals to consider the plans and strategic direction of the University.

- We receive periodic reports from the Chair of the Audit Committee concerning internal control and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects and issues.
- We have requested the Audit Committee to provide oversight of the University's management of risks.
- The Audit Committee receives regular reports from the independent internal audit provider, RSM Tenon, which include the internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- A programme of facilitated workshops is held for Governors, senior and other managers to identify and keep up to date the key issues and risks for the University, including the anticipation and appropriate response to risks emerging/associated with changing social, environmental and legislation requirements.
- The University-wide risk register is maintained and a system of reporting on risk management has been agreed by the Board and Audit Committee. This involves a range of formal reports received during the year.
- A risk prioritisation methodology based on risk ranking has been established and is regularly reviewed.
- Each risk is assigned to a relevant director who reports regularly to the Core Executive on the actions taken.
- At the end of the year the Chair of the Audit Committee formally reports to the full Board on the Committee's activities during the year in accordance with relevant guidance. This report includes an assessment of the effectiveness of the Internal Control System (including risk management) during the year.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCW Audit Code of Practice.

The key risks for Glyndŵr University arise from the potential failure to recruit and retain students, retain key staff capability and maintain business systems. Student recruitment was at its highest level for some years in 2009/10 and Glyndŵr University again met funded student numbers. These risks are of sufficient concern to be the subject of regular review at meetings of both Core Executive and the Governing Body.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive directors 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 and other reports from external bodies such as the Wales Audit Office.

There were no significant issues arising during 2009/10 in respect of Corporate Governance, other than the matter noted earlier in this commentary, for which the Governing Body believes that it took appropriate action.

KEY ELEMENTS OF THE UNIVERSITY'S SYSTEM OF INTERNAL CONTROLS

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, directors of academic and operational areas;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of student recruitment and monthly 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 or HEFCW;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and 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 annual planning process;
- evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;
- having review procedures that cover business, operational, compliance and financial risk;
- embedding risk assessment and internal control processes in the ongoing operation of all units;
- reporting regularly to Audit Committee, and then to the Governing body, on internal control and risk;
- reporting annually to the Governing body the principle 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 both the University and the group. Any systems of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

During the period covered by this report and up to the date this report is signed there were no material weaknesses or irregularities in operation or financial practice brought to the attention of the Board.

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS

In accordance with the University's Financial Memorandum, the Governing body is responsible for the administration and management of the affairs of the University 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 and to enable it to ensure that the financial statements are prepared in accordance with the Financial Memorandum, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

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

Independent auditors' report to the governing body of Glyndŵr University

We have audited the financial statements' of Glyndŵr University and its group for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historic Cost Surpluses and Deficits, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Balance Sheets and the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention.

Respective responsibilities of the governing body and auditors

The governing body's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) is set out in the Statement of the Governing Body's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the governing body of the institution in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education and United Kingdom Generally Accepted Accounting Practice.

We report to you whether in our opinion, in all material respects, funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, managed in accordance with relevant legislation and any other terms and conditions attached to them and whether in our opinion, in all material respects, funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales.

We report to you if, in our opinion, the information given in the Operating and Financial Review is not consistent with those financial statements, if the institution has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises only the Report of the Board of Governors, the Board of Governors, the Operating and Financial Review, the Corporate Governance Statement, the key Elements of the University's System of Internal Controls statement and the Responsibilities of the University's Board of Governors.

We also review the key elements of the University's system of internal controls statement and comment if the statement is inconsistent with our knowledge of the institution and group. We are not required to consider whether the key elements of the University's system of internal control covers all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for Wales. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of the group's and the institution's affairs as at 31 July 2010, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice - Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them; and
- iv. in all material respects, income has been applied in accordance with the institution's Statutes and funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum dated 19 November 2008 with the Higher Education Funding Council for Wales and any other terms and conditions attached to them.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester

24 December 2010

The maintenance and integrity of the Glyndŵr University website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Glyndŵr University

Consolidated income and expenditure account for the year ended 31 July 2010

	Notes	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Income			
Funding Body grants	2	18,128	18,185
Tuition fees and education contracts	3	16,168	13,038
Research grants and contracts	4	2,323	1,495
Other income	5	6,872	5,756
Endowment and investment income	6	17	199
Total income		43,508	38,673
Expenditure			
Staff costs	7	24,765	22,301
Exceptional restructuring costs	7	634	47
		25,399	22,348
Other operating expenses	8	15,047	14,066
Exceptional (reversal of impairment) / impairment of investment	8	(630)	1,500
Exceptional impairment of goodwill	13	513	-
		14,930	15,566
Depreciation	12	1,342	1,090
Interest and other finance costs	9	671	511
Total expenditure		42,342	39,515
Surplus / (deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before tax		1,166	(842)
Taxation	10	-	-
Surplus / (deficit) after depreciation of assets at valuation and tax	11	1,166	(842)
Surplus / (deficit) for the year retained within general reserves		1,166	(842)

The income and expenditure account is in respect of continuing activities.

Glyndŵr University

Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2010

	Notes	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Surplus / (deficit) on continuing operations before taxation		1,166	(842)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	25	446	461
Historical cost surplus / (deficit) for the period before taxation		1,612	(381)
Taxation		-	-
Historical cost surplus / (deficit) for the period after taxation		1,612	(381)

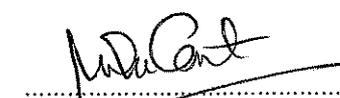
Consolidated statement of the total recognised gains and losses for the year ended 31 July 2010

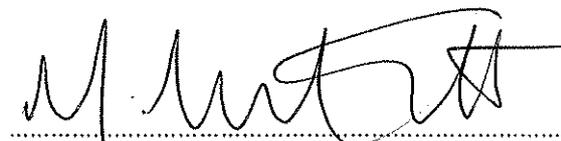
	Notes	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Surplus / (deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,166	(842)
Unrealised surplus on revaluation of fixed assets	25	-	3,539
New endowments	24	-	5
Actuarial loss in respect of pension scheme assets and liabilities	35	(173)	(509)
Actuarial gain in respect of pension scheme inflation change	35	2,000	-
Total recognised gains relating to the period		2,993	2,193
Total recognised gains since last report		2,993	2,193
Reconciliation			
Opening reserves and endowments		26,205	24,012
Total recognised gains for the year		2,993	2,193
Closing reserves and endowments		29,198	26,205

Glyndŵr University
Balance Sheets as at 31 July 2010

	Notes	Consolidated	University	Consolidated	University
		2010	2010	2009	2009
		£000	£000	£000	£000
Fixed assets					
Intangible assets	13	69	69	651	-
Tangible assets	12	48,222	47,407	43,590	41,569
Investments	15	-	2,800	-	2,800
Total fixed assets		48,291	50,276	44,241	44,369
Endowment Assets	16	17	17	17	17
Current assets					
Stocks and work in progress	14	1,042	54	1,148	52
Debtors	17	3,782	3,260	5,136	5,035
Investments	18	4,012	4,012	4,132	4,132
Cash at bank and in hand		3,798	3,145	3,593	2,731
Total current assets		12,634	10,471	14,009	11,950
Creditors: amounts falling due within one year	19	(9,193)	(7,849)	(10,871)	(8,238)
Net current assets		3,441	2,622	3,138	3,712
Total assets less current liabilities		51,749	52,915	47,396	48,098
Less: Creditors - amounts falling due after more than one year	20	(1,060)	(2,243)	(1,237)	(2,243)
Less: Provisions for liabilities & charges	22	(2,862)	(2,862)	(2,808)	(2,808)
		47,827	47,810	43,351	43,047
Net pension liability	35	(10,375)	(10,375)	(11,703)	(11,703)
NET ASSETS INCLUDING PENSION LIABILITY		37,452	37,435	31,648	31,344
Deferred capital grants	23	8,254	7,729	5,443	4,833
Endowments					
Expendable	24	-	-	-	-
Permanent	24	17	17	17	17
Total endowments		17	17	17	17
Income and expenditure account excluding pension reserve		17,594	18,375	15,483	16,070
Pension reserve	35	(10,375)	(10,375)	(11,703)	(11,703)
Income and expenditure account including pension reserve	26	7,219	8,000	3,780	4,367
Specific reserve	24	200	200	200	200
Revaluation reserve	25	21,762	21,489	22,208	21,927
Total reserves		29,181	29,689	26,188	26,494
TOTAL		37,452	37,435	31,648	31,344

The financial statements on pages 23 to 49 were approved by the governing body on 10th December 2010 and were signed on its behalf by:


Mr Michael Cant
Chairman


Professor Michael Scott
Vice Chancellor and Chief Executive

Glyndŵr University

Consolidated cash flow statement for the year ended 31 July 2010

	Notes	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Net cash inflow / (outflow) from operating activities	27	2,714	(517)
Returns on investments	28	17	204
Taxation	10	-	-
Capital expenditure and financial investment			
Endowment assets acquired and received	29	-	5
Payments to acquire tangible fixed assets	29	(5,974)	(5,786)
Payments to acquire intangible fixed assets	29	-	(678)
Deferred capital grants received	29	3,505	1,852
Management of liquid resources	30	120	2,132
Financing	31	(177)	1,237
Increase / (decrease) in cash in year	32	<u>205</u>	<u>(1,551)</u>
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in the period		205	(1,551)
Cash outflow from liquid resources		<u>(120)</u>	<u>(2,127)</u>
Movement in net funds in period		85	(3,678)
Net funds at 1 August		7,742	11,420
Net funds at 31 July		<u>7,827</u>	<u>7,742</u>

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

(a) Basis of preparation and accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. They are in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2007) and applicable accounting and financial reporting standards in the United Kingdom. Where relevant the accounts adhere to the accounting directives of HEFCW.

(b) Exceptional items

At the year end the University has re-appraised the provision that it holds against the treasury deposit it has with Kaupthing, Singer and Friedlander (who are in administration). The current provision level has been reduced to 29% which is in line with our expectation to recover 71% and is also consistent with the midpoint outlined in LAAP Bulletin 82, May 2010, where a range for repayments in the pound was set between 65p and 78p.

Management have also disclosed other one-off costs in the Income and Expenditure Account which they regard as exceptional in cost or incidence.

(c) Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2010 namely Plas Coch Sports Ltd, Glyndŵr Innovations Ltd, North Wales Science Ltd and Optic Glyndŵr Ltd.

Gains and losses on any intra-group transactions are eliminated in full/ Amounts in relation to debts between undertakings included in the consolidation are also eliminated.

(d) Recognition of Income

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors, e.g. National Health Service. The cost of any fees waived by the University is included as expenditure in Note 8.

Income from research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year or the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from specific endowments is included to the extent of the relevant expenditure incurred during the year.

(e) Pension contributions

Retirement benefits to employees are provided by The Teachers' Pension Scheme (TPS), the Universities' Superannuation Scheme (USS) and the Local Government Pension Scheme (LGSS). These are defined benefit schemes which are externally managed and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme 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.

(f) Leases

Rental costs under operating leases are charged to expenditure in equal instalments over the period of the lease.

(g) Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

(h) Tangible Fixed Assets

i. Land and Buildings

The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value.

Land and buildings inherited on incorporation are stated at valuation. Sites used by Glyndŵr University during the period are valued at depreciated replacement cost on an existing education use basis. In accordance with FRS15 the University is to revalue its properties every three years. Edwards Symmons (Chartered Surveyors) conducted a revaluation of Land and Buildings as at 31st July 2009 performed in accordance with the RICS Appraisal and Valuation Manual.

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

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The associated 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.

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.

ii. Equipment

Equipment including microcomputer software 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 equipment is capitalised at cost. Equipment inherited from the local Education Authority is included in the balance sheet at valuation.

The value of equipment included in the balance sheet is depreciated on a straight-line basis over its remaining useful economic life to the University of 5 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.

iii. Motor Vehicles

Vehicles are capitalised at cost and depreciated over three years factoring in a residual value.

(i) Stocks

Stocks consist of provisions and resources stock and are stated at the lower of their cost and net realisable value.

(j) Maintenance of Premises

The University has a ten-year rolling maintenance plan, which is reviewed on an annual basis. The cost of maintenance is charged to income and expenditure account as incurred.

(k) Cash flows and liquid resources

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

Liquid resources include sums on short-term deposit with recognised banks.

(l) Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 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. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

(m) Provisions

Provisions are recognised when the Institution has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(n) Goodwill

The University amortises any goodwill arising on acquisition of a subsidiary over a maximum of 10 years. A shorter time period will be used where deemed appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2 Funding Body grants

	Notes	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Recurrent grant :			
Higher Education Funding Council for Wales		14,826	14,704
Specific grants:			
Release of deferred income		1,803	1,968
HEFCW other income		636	1,004
Research grants		338	127
Releases of deferred capital grants:			
Buildings	23	420	259
Equipment	23	105	123
Total		18,128	18,185

3 Tuition fees and education contracts

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Full-time home and EU students	7,943	6,387
Education contract income	3,018	2,897
Full-time international students	3,706	2,433
Part-time students	1,501	1,321
Total fees paid by or on behalf of individual students	16,168	13,038

4 Research grants and contracts

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Research Council	241	350
UK based charities	12	71
European Commission	37	104
Other grants and contracts	2,033	970
Total	2,323	1,495

5 Other income

	Note	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Residences, catering and conferences		1,912	2,026
Other income generating activities		3,861	3,457
Other income gift of land	34	536	-
Research grants and contracts and other income		394	136
Releases from deferred capital grant	23	169	137
Total		6,872	5,756

6 Endowment and investment income

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Other interest receivable (This includes interest receivable in respect of specific reserves)	17	199
Total	17	199

7 Staff costs

	Year ended 31 July 2010 Number	Year ended 31 July 2009 Number
Teaching departments (teaching staff)	238	226
Teaching support services	52	55
Other support services	35	28
Administration and central services	198	165
Premises	30	29
Total	553	503

Staff costs for the above persons:

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Wages and salaries	20,318	18,168
Social security costs	1,556	1,406
Other pension costs (including FRS 17 adjustments)	2,891	2,727
Payroll sub-total	24,765	22,301
Restructuring costs	634	47
Total	25,399	22,348

7 Staff costs (continued)

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Teaching departments - staff	12,182	10,912
Teaching support services	1,517	1,456
Other support services	2,651	2,621
Administration and central services	5,160	4,456
Premises	859	875
Other income generating activities	1,254	807
Catering and residences	643	651
FRS 17 retirement benefit charges	499	523
Sub total	24,765	22,301
Exceptional restructuring costs	634	47
Total	25,399	22,348
Emoluments of the Vice-Chancellor:		
	£	£
Salary	175,875	175,000
Benefits in kind	11,393	11,183
Pension contributions	24,798	24,675
	<u>212,066</u>	<u>210,858</u>
Emoluments of higher paid employees:		
	Number of Employees	Number of Employees
£100,001 - £110,000	2	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	-	-
£180,001 - £190,000	-	-
£190,001 - £200,000	-	-
£200,001 - £210,000	-	-
£210,001 - £220,000	1	1

8 Other operating expenses

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Teaching departments	1,607	1,538
Teaching support services	2,897	2,093
Administration and central services	429	1,280
General education	1,439	1,541
Premises costs: running costs	1,324	1,354
Premises costs: maintenance	271	196
Staff and student facilities	711	783
Planned maintenance	130	82
Other income generating activities	2,190	1,783
Catering and residence operations	261	552
Franchised provision	975	993
Research	1,015	540
Bursary payments (waived fees) to HE students	1,410	853
Other expenses	388	478
Total before exceptional item	15,047	14,066
Exceptional (reversal of impairment) / impairment of investment	(630)	1,500
Total other operating expenses	14,417	15,566

Other operating expenses include:

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Auditors' remuneration:		
external audit - University	21	22
external audit - Subsidiaries	17	13
external audit - other services	-	2
internal audit	21	15
Hire of other assets - operating leases	29	55
Hire of other assets - buildings	30	69

9 Interest and other finance costs

	Note	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Loans wholly repayable within 5 years		-	-
Repayable within 5 years, by instalments		-	-
Repayable wholly or partly in more than 5 years		-	-
		<u>-</u>	<u>-</u>
On finance leases		-	12
Pension finance costs	35	671	499
Total		<u>671</u>	<u>511</u>

10 Taxation

		Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
UK corporation tax		-	-
Provision for deferred corporation tax in the accounts of the subsidiary company		-	-
Total		<u>-</u>	<u>-</u>

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 2010.

11 Surplus / (deficit) after depreciation of assets at valuation and tax

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

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
University's surplus for the period before exceptional items	1,885	1,335
Exceptional restructuring costs	(634)	(47)
Exceptional gain / (loss) on impairment of deposit	630	(1,500)
Exceptional impairment of goodwill	<u>(513)</u>	<u>-</u>
University's surplus / (deficit) for the period	1,368	(212)
Surplus / (deficit) generated by subsidiary undertakings:		
Plas Coch Sports Ltd	(60)	(26)
Glyndŵr Innovations Limited	(16)	-
North Wales Science Limited	-	12
Optic Glyndŵr Limited	(126)	(616)
Total	<u>1,166</u>	<u>(842)</u>

The amounts noted above are after intergroup recharges from Optic Glyndŵr Limited which arose on restructuring.

12 Tangible fixed assets (Consolidated)

	Freehold Land & Buildings	Fixtures, Fittings Equipment and Motor Vehicles	Assets in the Course of Construction	Total
	£000	£000	£000	£000
Cost or Valuation				
As at 1 August 2009	41,368	4,183	1,128	46,679
Additions	2,961	1,482	1,531	5,974
Disposals	-	(34)	-	(34)
At 31 July 2010	44,329	5,631	2,659	52,619
Depreciation				
As at 1 August 2009	61	3,028	-	3,089
Charge for year	786	556	-	1,342
Eliminated in respect of disposals	-	(34)	-	(34)
At 31 July 2010	847	3,550	-	4,397
Net book value At 31 July 2010	43,482	2,081	2,659	48,222
Net book value As at 1 August 2009	40,894	1,568	1,128	43,590

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.

12 Tangible fixed assets (University)

	Freehold Land & Buildings	Fixtures, Fittings Equipment and Motor Vehicles	Assets in the Course of Construction	Total
	£000	£000	£000	£000
Cost or Valuation				
As at 1 August 2009	40,015	3,367	1,078	44,460
Additions	2,961	259	1,458	4,678
Intercompany transfers	422	1,961	122	2,505
Disposals	-	(34)	-	(34)
At 31 July 2010	43,398	5,553	2,658	51,609
Depreciation				
As at 1 August 2009	-	2,891	-	2,891
Charge for year	782	464	-	1,246
Intercompany transfers	9	90	-	99
Eliminated in respect of disposals	-	(34)	-	(34)
At 31 July 2010	791	3,411	-	4,202
Net book value At 31 July 2010	42,607	2,142	2,658	47,407
Net book value As at 1 August 2009	40,015	476	1,078	41,569

See note on Tangible fixed assets (consolidated)

**13 Intangible assets - goodwill arising from acquisition
(Consolidated and University)**

	Goodwill	
	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Cost		
As at 1 August 2009	678	-
Additions	-	678
As at 31 July 2010	<u><u>678</u></u>	<u><u>678</u></u>
Amortisation		
As at 1 August 2009	27	-
Charge in year	69	27
Impairment in year	513	-
As at 31 July 2010	<u><u>609</u></u>	<u><u>27</u></u>
Net book value at year end	<u><u>69</u></u>	<u><u>651</u></u>

In accordance with FRS 7, during the current year 12 months have elapsed since the point of acquisition of Optopreneurs Limited trade, assets and liabilities via Optic Glyndŵr Limited (OGL), as such an impairment review has now been conducted. This impairment review considers the amount of business OGL anticipates in the next 5 years, and discounts the anticipated margin of 10% by a discount factor of 5% to give the NPV of the entity. When comparing this NPV with the associated Tangible and Intangible fixed assets, management determined that the Intangible assets should be impaired by £513,000.

14 Stocks and work in progress

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Stocks	61	60
Work in progress	981	1,088
Total	<u><u>1,042</u></u>	<u><u>1,148</u></u>

15 Investments

	University Year ended 31 July 2010 £000	University Year ended 31 July 2009 £000
Investments in subsidiary companies	2,800	2,800
Total	<u>2,800</u>	<u>2,800</u>

The University owns 100% of the issued ordinary £1 share capital of Glyndŵr Innovations Ltd, formerly NEWI Innovations Limited, a company incorporated in England and Wales. It's principle activity is consultancy and training.

The University owns 100% of the issued ordinary £1 share capital of Plas Coch Sports Limited a company incorporated in England and Wales. It's principle activity is the management of a sports centre.

The University owns 100% of the issued ordinary £1 share capital of Glyndŵr Business School Ltd, a company incorporated in England and Wales. It has not traded in this financial year.

The University owns 100% of the issued ordinary £1 share capital of Optic Glyndŵr Limited, a company incorporated in England and Wales. It's principle activity is the development of optoelectronics.

The University also has an interest in North Wales Science which is a company limited by guarantee. It's principal activity is the management of a science discovery centre.

16 Endowment assets

	Notes	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000
Balance at 1 August 2009		17	17
Additions		-	-
Disposals		-	-
Appreciation on disposals/revaluation		-	-
Balance at 31 July 2010		<u>17</u>	<u>17</u>
Represented by:			
Cash balances	32	17	17
Total		<u>17</u>	<u>17</u>

17 Debtors	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
Amounts falling due within one year:				
Trade debtors	3,280	2,826	4,085	4,574
Amounts owed by group undertakings:				
Subsidiary undertakings	-	61	-	-
Prepayments and accrued income	502	373	1,051	461
Total	3,782	3,260	5,136	5,035
18 Investments	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
Deposits maturing:				
In one year or less	4,012	4,012	4,132	4,132
Between one and two years	-	-	-	-
Total	4,012	4,012	4,132	4,132
19 Creditors: amounts falling due within one year	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
Trade creditors	1,021	830	1,623	754
Other creditors	1,582	978	2,183	1,157
Accruals and deferred income	6,590	5,511	7,065	6,327
Subsidiary undertakings	-	530	-	-
Total	9,193	7,849	10,871	8,238
20 Creditors: amounts falling due after more than one year	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
Bank loans	-	-	-	-
Obligations under finance leases	1,060	-	1,237	-
Loans from subsidiary undertakings	-	2,243	-	2,243
Total	1,060	2,243	1,237	2,243

21 Borrowings	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
a) Loans				
Loans are repayable as follows:				
In one year or less or on demand	534	-	1,015	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	534	-	1,015	-

The University currently has no borrowings with banks or overdrafts.

b) Finance leases

The net finance lease obligations to which the institution is committed are:

	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
In one year or less	220	-	119	-
Between two and five years	840	-	951	-
In five years or more	-	-	167	-
Total	1,060	-	1,237	-

22 Provisions for liabilities and charges (Consolidated and University)

	Enhanced Pensions £000	Total £000
At 1 August 2009	2,808	2,808
Provided in Year	54	54
At 31 July 2010	2,862	2,862

Enhanced pension comprises an addition in year to reflect the actuarial liability remaining for all TPS members on enhanced pensions.

23 Deferred capital grants

	Consolidated		
	HEFCW grants £000	Other grants £000	Total £000
At 1 August 2009			
Land and buildings	3,567	1,497	5,064
Equipment	277	102	379
	<u>3,844</u>	<u>1,599</u>	<u>5,443</u>
Cash received			
Land and buildings	3,303	-	3,303
Equipment	35	167	202
	<u>3,338</u>	<u>167</u>	<u>3,505</u>
Released to income and expenditure account			
Land and buildings	(420)	(110)	(530)
Equipment	(105)	(59)	(164)
	<u>(525)</u>	<u>(169)</u>	<u>(694)</u>
At 31 July 2010			
Land and buildings	6,450	1,387	7,837
Equipment	207	210	417
Total	<u>6,657</u>	<u>1,597</u>	<u>8,254</u>

	University		
	HEFCW grants £000	Other grants £000	Total £000
At 1 August 2009			
Land and buildings	3,567	887	4,454
Equipment	277	102	379
	<u>3,844</u>	<u>989</u>	<u>4,833</u>
Cash received			
Land and buildings	3,303	-	3,303
Equipment	35	167	202
	<u>3,338</u>	<u>167</u>	<u>3,505</u>
Released to income and expenditure account			
Land and buildings	(420)	(25)	(445)
Equipment	(105)	(59)	(164)
	<u>(525)</u>	<u>(84)</u>	<u>(609)</u>
At 31 July 2010			
Land and buildings	6,450	862	7,312
Equipment	207	210	417
Total	<u>6,657</u>	<u>1,072</u>	<u>7,729</u>

24 Endowments and specific reserves

	Consolidated and University		
	Restricted £000	Unrestricted £000	Total £000
At 1 August 2009	-	17	17
Additions	-	-	-
Appreciation of endowment asset investments	-	-	-
Income for year	-	-	-
Expenditure for year	-	-	-
At 31 July 2010	<u>-</u>	<u>17</u>	<u>17</u>
Specific reserve			
Covenant on behalf of Charity Commission for sale of property	200	-	200
Total	<u>200</u>	<u>-</u>	<u>200</u>

25 Revaluation reserve

	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
At 1 August	22,208	21,927	19,130	19,093
Revaluations in the period	-	-	-	-
Transfer from revaluation reserve to general reserve in respect of:				
Revaluation adjustment	-	-	3,539	3,291
Depreciation on revalued assets	(446)	(438)	(461)	(457)
At 31 July	21,762	21,489	22,208	21,927

26 Movement on general reserves

	Consolidated Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000	Consolidated Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000
Income and Expenditure Account Reserve				
At 1 August	3,780	4,367	4,670	4,631
Surplus / (deficit) retained for the year	1,166	1,368	(842)	(212)
Transfer from revaluation reserve	446	438	461	457
Actuarial gain in respect of pension scheme valuation	2,000	2,000	-	-
Actuarial loss in respect of pension scheme	(173)	(173)	(509)	(509)
At 31 July	7,219	8,000	3,780	4,367
 Balance represented by:				
Pension reserve	(10,375)	(10,375)	(11,703)	(11,703)
Income and expenditure reserve excluding pension reserve	17,594	18,375	15,483	16,070
At 31 July	7,219	8,000	3,780	4,367

27 Reconciliation of consolidated operating surplus / (deficit) to net cash inflow / (outflow) from operating activities

	Notes	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Surplus / (deficit) on continuing operations after depreciation of assets at valuation		1,166	(842)
Depreciation	12	1,342	1,090
Amortisation of goodwill	13	69	27
Impairment of goodwill	13	513	-
Deferred capital grants released to income	23	(694)	(519)
Interest payable	9	671	511
Pension cost less contributions payable	35	(172)	4
Decrease / (increase) in stocks and work in progress	14	106	(1,093)
Decrease / (increase) in debtors	17	1,354	(2,398)
(Decrease) / increase in creditors	19	(1,678)	2,876
Increase in provisions	22	54	26
Interest receivable	6	(17)	(199)
Net cash inflow / (outflow) from operating activities		2,714	(517)

28 Returns on investments

		Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Income from endowments		-	5
Other interest received	6	17	199
Total		17	204

29 Capital expenditure and financial investment

		Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Purchase of tangible fixed assets	12	(5,974)	(5,786)
Intangible assets deemed acquired	13	-	(678)
Deferred capital grants received	23	3,505	1,852
Endowments received	24	-	5
Net cash outflow from capital expenditure and financial investment		(2,469)	(4,607)

30 Management of liquid resources

		Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Withdrawals from deposits		(120)	(632)
Impairment of deposits		-	(1,500)
Net cash outflow from management of liquid resources		(120)	(2,132)

31 Financing

	Note	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Debt due beyond a year:			
Capital grants received		-	1,237
Capital element of finance lease rental payments		(177)	-
Net cash inflow from financing		(177)	1,237

32 Analysis of changes in net funds

		At 1 August 2009 £000	Cashflows £000	Other changes £000	At 31 July 2010 £000
Cash at bank and in hand		3,593	205	-	3,798
Endowment asset investments	16	17	-	-	17
Overdrafts		-	-	-	-
Total		3,610	205	-	3,815
Debt due within 1 year		-	-	-	-
Debt due after 1 year		-	-	-	-
Current asset investments		4,132	(120)	-	4,012
Total		7,742	85	-	7,827

33 Cash flow relating to exceptional items

There were no cashflow movements relating to exceptional items.

34 Major non-cash transactions

Agricultural land (31 hectares) has been gifted to the University from the Welsh Assembly Government as part of the transfer of the assets of the former Welsh College of Horticulture at Northop, Flintshire. The current market value of £17,290 per hectare has been used to value the land.

35 Pension and similar obligations

The University's employees belong to three principal pension schemes: the Teachers Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, both are defined benefit schemes and the University Superannuation Scheme. The total pension cost for the period was £2,891,000 (2009 - £2,727,000).

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 as follows:

Latest actuarial valuation	31st March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2009 to 31 July 2010 the employer contribution was 14.1%.

The employee rate of contribution is 6.4%.

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 £483,000 (2009: £523,000).

35 Pension and similar obligations (continued)

Local Government Pension Scheme

The following information is based upon a full actuarial valuation of the Fund at 31 March 2009 updated to 31 July 2010 by a qualified independent actuary.

	At 31 July 2010	At 31 July 2009	At 31 July 2008
Rate of increase in salaries	4.45%	4.95%	5.1%
Rate of increase for pensions in payment/inflation	2.7%	3.7%	3.8%
Discount rate for liabilities	5.5%	6.3%	5.9%

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

	At 31 July 2010	At 31 July 2009
- of a male (female) future pensioner aged 65 in 20 years' time	22.2 years (25 years)	22.2 years (25 years)
- of male (female) current pensioner aged 65	21.1 years (24 years)	21.1 years (24 years)

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

	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £000	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.5%	10,839	7.5%	8,491	7.5%	8,838
Government Bonds	4.2%	-	4.5%	-	4.8%	-
Other Bonds	5.1%	2,422	5.8%	1,918	5.9%	1,840
Property	6.5%	1,384	6.5%	1,027	6.5%	1,022
Cash	0.5%	38	0.5%	196	0.5%	660
Other	7.5%	4,536	7.5%	3,474	7.5%	3,365
Total market value of assets		19,219		15,106		15,725
Present value of scheme liabilities		(29,594)		(26,809)		(26,396)
Related deferred tax liability		-		-		-
Deficit in the scheme		(10,375)		(11,703)		(10,671)

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
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Analysis of the amount charged to income and expenditure account

Employer service cost (net of employee contributions)	(1,155)	(1,307)
Past service cost	-	-
Total operating charge	(1,155)	(1,307)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	1,059	1,101
Interest on pension liabilities	(1,730)	(1,600)
Pension finance income / (costs)	(671)	(499)

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

Actual return less expected return on pension scheme assets	1,564	(3,149)
Experience gains and losses arising on the scheme liabilities	(1,737)	2,640
Actuarial (loss) / gain recognised in STRGL	(173)	(509)

Movement in deficit during year

Deficit in scheme at 1 August	(11,703)	(10,671)
Movement in year:		
Current employer service charge	(1,155)	(1,307)
Employer Contributions	1,343	1,283
Past service costs	2,000	-
Curtailments	(16)	-
Net interest / return on assets	(671)	(499)
Actuarial gain or loss	(173)	(509)
Deficit in scheme at 31 July	(10,375)	(11,703)

35 Pension and similar obligations (continued)

Analysis of the movement in the present value of the scheme liabilities	2010	2009
	£000	£000
At beginning of the year	26,809	26,396
Current service cost	1,155	1,307
Interest cost	1,730	1,600
Contributions by scheme participants	463	433
Actuarial gains and losses	1,737	(2,640)
Benefits paid	(316)	(287)
Past service costs	(2,000)	-
Business combinations		-
Curtailments	16	-
Settlements		-
At end of year	<u>29,594</u>	<u>26,809</u>

Analysis of the movement in the present value of the scheme assets	2010	2009
	£000	£000
At beginning of the year	15,106	15,725
Expected rate of return on scheme assets	1,059	1,101
Actuarial gains and losses	1,564	(3,149)
Contributions by employer	1,343	1,283
Contributions by scheme participants	463	433
Benefits paid	(316)	(287)
At end of year	<u>19,219</u>	<u>15,106</u>

History of experience gains and losses

	2010	2009	2008
Difference between the expected and actual return on assets:			
amount £'000	1,564	(3,149)	(1,916)
% of scheme assets	8.10%	20.80%	12.20%
Experience gains and losses on scheme liabilities:			
amount £'000	(1,737)	2,640	(2,119)
% of scheme liabilities	5.90%	9.80%	8.20%
Total amount recognised in STRGL			
amount £'000	(173)	(509)	(4,035)
% of scheme liabilities	0.60%	1.90%	15.29%

36 Capital commitments

	Consolidated	
	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Commitments contracted for at 31 July		
Creative Industries Building	5,000	-
Centre for the Child Building	2,100	-
Flintshire Campus Development	-	1,364
Total	7,100	1,364

37 Financial commitments

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

	Land & Buildings £000	Other £000	Consolidated	
			Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Expiring within one year	-	29	29	55
Expiring within two and five years inclusive	-	30	30	69
Expiring in over five years	-	-	-	-
Total	-	59	59	124

38 Contingent liability

The University are standing as guarantor for the NatWest Bank in respect of a 5 million Euro contract between Optic Glyndŵr Limited and the European Southern Observatory (ESO) organisation in respect of delivery of works on the ESO Extra Large Telescope project for completion in January 2012. These monies may become payable if the contract is not completed successfully in the allotted timescale.

39 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, it is inevitable that transactions will 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. These are reviewed as part of the annual external audit.

40 Access and disability grants

Access Funds	31 July 2010	31 July 2009
	£	£
Balance unspent as at 1st August	137,561	237,315
Income - Funding Body	302,186	251,242
Income - interest earned	121	3,142
Income - repaid loans	-	1,125
Income - contributions from other bodies	-	-
	<u>439,868</u>	<u>492,824</u>
Disbursed to students	(236,531)	(347,726)
Administration costs	-	(7,000)
Audit fees	(540)	(537)
Balance unspent as at 31 July	<u><u>202,797</u></u>	<u><u>137,561</u></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.

41 Post balance sheet events

There were no post balance sheet events.