

GLYNDŴR UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

Registered Charity number: 1142048

GLYNDŴR UNIVERSITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

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REPORT OF THE BOARD OF GOVERNORS

Introduction

Glyndŵr University is the newest university in Wales, established by the Privy Council in 2008. It is more community and industry focused than traditional universities and therefore places considerable emphasis on the advancement of education for the public benefit.

Over the four years since its establishment, the University has obtained an international reputation allowing it to build up a significant network of partners across the world. Yet it has remained deeply committed to its home community.

Charitable Status

Glyndŵr University became an exempt charity from 1 June 2010 under the terms of the Charities Act 1993 and successfully registered with the Charity Commission on 23 May 2011. The Charity Commission acts as the principal regulator of Welsh higher education institutions.

The University's Board of Governors, as trustees of the University, have complied with the duty in section 4 of the Charities Act 2006 having had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

The objects of the University are those set out in the Education Reform Act 1988 which state that "a higher education corporation shall have the power – (a) to provide higher education (b) to provide further education and (c) to carry out research and publish the results of research or any other material arising out of or connected with it in such a manner as the corporation thinks fit."

The University's Mission and Vision

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

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

- Respect for the individual, for the expression of ideas and the pursuit of knowledge;
- Educational, academic and professional integrity;
- Care for students, colleagues and customers and the anticipation of their needs and requirements;
- Organizational commitment to the pursuit of excellence and loyalty to the University as a community of learning

Public Benefit

The principal beneficiaries of the University are its undergraduate and postgraduate students who gain from participating in the teaching and research of the University. Such engagement assists them in pursuing meaningful and rewarding careers. In this they are helped by the University's employability rate which is in excess of 94% and the second highest average graduate starting salary in Wales.

Glyndŵr University has the fourth highest intake from state schools in the UK at 98.8% and a high proportion of students (42.3%) are from social classes 4, 5, 6 and 7.

The University is therefore providing a suitable route for people from some of the most deprived areas in Wales to achieve meaningful and well paid careers.

Staff also benefit through engagement in the research of the University, ensuring the currency of their knowledge and enhancing their international reputations within their own specialist areas and in the academic world generally.

Beneficiaries also include students and academic staff from the University's partner institutions more widely and visiting academics from other higher education institutions.

The general public also benefits from the University's extensive range of community and outreach activities, including exhibitions, public and professional lectures and concerts and performances.

One of these high profile activities is the Wrexham Science Festival which last year attracted 3,400 visitors. In addition, the University has its own science discovery centre in Techniquest Glyndŵr which, since it opened in 2003, has attracted in excess of half a million visitors from schools and the wider community.

Alumni of the University also have the opportunity to attend educational events at the University or use its facilities.

Glyndŵr University's fundamental role in the transformation of higher education in Wales continues. The University remains at the forefront of what the Minister for Education has described as the continuing revolution leading to the democratisation of higher education. It is one of the UK's leading widening participation universities and with its career orientated academic programmes and extensive specialist applied research it is ideally placed to meet the social and economic needs of the country as identified by the Welsh Government.

The University's work with the FE colleges is vital to realising its mission and vision. It allows students from all parts of Mid and North Wales to have access to higher education often through the FE colleges. The University responds to the needs of employers, identifies gaps in provision and offers programmes for the benefit of the country.

Widening Access

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

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

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

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

Student Support

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

Students from all backgrounds and of all ages have access to effective academic and pastoral support including study support, and other forms of career/financial support to ensure that students are encouraged to reach their full potential.

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

Admissions

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

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

Bursaries and Financial Support

Tuition and financial policies were introduced to support access to and affordability of participating in Higher Education for the people of Wales. A differentiated fee scheme was introduced with the approval of the Board of Governors and the Strategic Development and Finance Committee, a subcommittee of the Board, approves the level of scholarships and bursaries. The Glyndŵr University bursary is available to all full-time undergraduate students from the UK who meet the base criteria. In addition, Glyndŵr University has several bursaries and scholarships it has awarded to assist gifted students. In line with the Frank Buttle Trust accreditation, a care leaver scholarship is offered of £1,000 per year of study to qualifying care leavers. The Disabled Students' Allowance (DSA) helps with costs incurred as a direct result of a student's disability. In 2011/12, 517 undergraduate students were in receipt of DSA.

A Financial Contingency Fund is in place to provide financial help to students who face difficulties in meeting their living costs.

Engagement with Schools

The University engages on a weekly basis with school and FE learners and the community through the delivery of a range of activities such as subject taster days, also engaging with local industry to offer Science, Technology, Engineering and Mathematics awareness sessions. Increasing numbers of schoolteachers are engaging with the University, becoming actively involved and aware of the particular role that staff from the University can provide.

The University also arranges events aimed at the wider community, some with concessionary offers to school groups. These have included an event for schools featuring the Poet Laureate and the National Poet of Wales.

Community engagement

Glyndŵr University is a community based university. Born out of the wishes of local people, it and its predecessor organisations have continued to serve the people of Wrexham and North East Wales faithfully for 125 years. That community link was integral to the commitment of the One Wales government in 2007 to establish Glyndŵr University, a commitment contained not in the education section of the government's programme but in the section on social and economic development.

Glyndŵr University demonstrated its commitment to the community and its ability to respond rapidly when in August 2010 it purchased the Racecourse football stadium. The Glyndŵr University Racecourse Stadium has now not only been preserved as an important community resource and home to two important sporting teams, but it is also being fully utilised by the University in its academic, business and social activities.

The University also hosted the Lesotho Olympic team in their final preparations for the London Olympics. The athletes attracted considerable support from the community who followed their progress with great interest.

Research

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

Work continued on the prototype mirrors for the world's largest telescope. The European Southern Observatory's Extremely Large Telescope will be located in South America, but, if the University is successful in their development, the mirrors may be made in North Wales. The science used at the University's research site in St Asaph led the UK Prime Minister, David Cameron to describe Glyndŵr University as a world leading university in a speech delivered in Moscow before the Russian President.

One of the University's PhD students contributed to research into a new networking protocol which could play a key role in major scientific breakthroughs at the Large Hadron Collider, the world's most high profile science project.

Other Developments

The University opened its new campus in the heart of London in October 2011. With over 1,000 students from 50 different countries, Glyndŵr London School of Management and Science is making a significant difference to enhancing the cosmopolitan nature of the University as well as raising its international profile further. In May 2012 the University held its first full London graduation ceremony in the shadow of Westminster Abbey.

On 1 March 2012 the appointment was made of the University's second Chancellor. Sir Jon Shortridge followed a highly successful career within the Civil Service and as Permanent Secretary in the Welsh Office was largely responsible for the establishment of the National Assembly for Wales. He was formally installed as Chancellor at a ceremony held on 11 July 2012.

Education for Sustainable Development and Global Citizenship

Throughout 2011/12 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 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 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, 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 is in the process of finalising its 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 University. This policy aims to achieve the Welsh 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 University.

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 provides a clear statement of estates and resource development to support the planned growth of student numbers and diversification of 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.

Conclusion

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

BOARD OF GOVERNORS

Membership

Mr Michael	Cant BArch MBA MLoD MRICS	Chairman
Mrs Colette	Bleakley	
Mr Mervyn	Cousins MMus BMus PGCE	
Mr Derek	Griffin	Vice Chairman
Ms Julia	Grime LLB ACA	
Mr David	Howard BSc (Hons) ACII	
Mr John	Kenworthy	
Mr Bruce	Roberts BSc BA FCA	
Mr Vincent	Ryan LLB	
Professor Peter	Toyne CBE DL	
Mr Ian	Williams	

Vice Chancellor and Chief Executive

Professor M Scott DL BA MA PhD FRSA

Senate 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 Karen Lennox

Students' Nominee

Mr Adam Fuller

Co-opted members of the Board's Committees

Mr Ian Morris (Audit Committee)

Dr Janet Wademan (Audit Committee) BA, PhD, FCMI, FRSA

Judge Roger Dutton BA DL (Nominations Committee)

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. Travel and subsistence expenses of £6,138 were reimbursed during 2011/12 (£5,186 in 2010/11).

Members of the Board of Governors are the trustees for the charity.

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 2012.

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 2012. The subsidiaries donate their taxable profits to the University.

Operating Review

Glyndŵr University has inherited a 124 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 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 needs.
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 has taken place in recent years 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 the University.

The University retains a clear and relevant vision which is wholly in line with Welsh 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 material 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 a 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.

The University's research strategy reflects existing applied research strengths whilst acknowledging the principal role of the University as a widening access institution contributing to the social and economic development of the region. The strategy primarily aims to preserve the existing well-regarded pockets of excellence, principally in STEM subjects, and ensuring that high quality applied research and scholarship underpin academic delivery. This is an excellent base from which to work towards our commitment to securing Research Degree Awarding Powers (rDAPs).

Planning Assumptions

The University is fully committed to supporting the policies of the Welsh 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 series 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 full-time equivalents, with a 25% increase in overseas student enrolments which builds upon our success in developing partnerships in India and China.
- In terms of the student experience the retention rate is targeted at 90% 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 operating surplus after extraordinary items in excess of 3% achieved over the life of the plan.
- 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 rDAPs 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.

Student Statistics

Total student numbers in 2011/12 have increased to 9,537 enrolments, compared with 8,958 last year, an increase of 6.45%. The projected student FTE has also increased, from 5,308 to 5,698, an increase of 7.3%. There has been significant growth in International student numbers, with a total of 2,155 full-time International student enrolments (compared with 1,524 in 2010/11). A high proportion of international enrolments, over 1,450, were based at the London campus (compared with 603 enrolments in London last year).

The performance of HEFCW-funded provision has been positive, although it is important to note that 2011/12 saw the introduction of full-time number student controls, and changes to the credit-based return of full-time student numbers. Direct comparison with 2010/11 in terms of performance over funded levels is therefore not fully meaningful, although full-time credit values were significantly above funded credits (by over 30,000 credits). Full-time Fundable degree and Sub degree were overall approximately 2.8% higher in 2011/12, despite reduced new entrants into Year 1 because of student number controls. This was attributable to the higher numbers of returning students. There were, however, reduced numbers of EU full-time students enrolled on degree programmes, a reduction of 20%. From 247 in 2010/11 to 198 in 2011/12

Part-time enrolments were fractionally down by 1%, to 4,291 compared with 4,328 the previous year. Part-time Foundation and Degree enrolments were higher by 18% (to 477) and 3% (to 436) respectively, but part-time Postgraduate Taught enrolments were reduced by 5% and other undergraduate (predominantly short courses enrolments) were down by 3%. Part-time funded credits were 6.6% above funded levels, at over 160,000 credits, although within this both postgraduate taught and franchised out provision were below, meaning that there was healthy recruitment to undergraduate fundable credit-based provision.

In terms of the classification of degree qualifications, the distribution was generally in line with the previous year with First Class at 12% (12% in 2010/11), Upper Second at 31% (35% in 2010/11), Lower Second at 31% (30% in 2010/11) and Third/Pass at 26% (24% in 2010/11).

The result of the 2011 destination of leavers' survey shows that 80.6% of our former students were in employment or in further study (up from 77% in 2010). The overall employability rate was 94.4% down slightly from 94.7% compared to 2010.

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 – 33.7% achieved in 2011/12 (38.2% in 2010/11).
2. Maintain an operating surplus, before exceptional costs, as a percentage of total income at 3% – 3.1% achieved in 2011/12 (3% in 2010/11).
3. Increase total gross turnover for the Group – £48.3 million achieved in 2011/12 (£44.4 million in 2010/11).
4. Maintain cash liquidity at a minimum of 80 days' of expenditure – 61 days in 2011/12 (62 days in 2010/11).

Financial Review

Glyndŵr University's consolidated group result for the 12 months to 31 July 2012 after exceptional restructuring costs of £358,000 can be summarised as follows:

	2012	2011
	£000	£000
Income	48,327	44,366
Expenditure	(46,849)	(42,681)
Operating surplus	<u>1,478</u>	<u>1,685</u>
Exceptional impairment reversal	210	240
Exceptional restructuring	(358)	(631)
Exceptional impairment	(98)	-
Result for the year	<u>1,232</u>	<u>1,294</u>

The underlying operating surplus on continuing operations for the University and its subsidiary companies, after group recharges, for 2012 is detailed below:

	2012	2011
	£000	£000
Glyndŵr University	1,320	2,206
Glyndŵr University London	7	-
Glyndŵr London Holdings	(3)	-
Glyndŵr Innovations Limited	39	21
North Wales Science	5	(11)
Optic Glyndŵr Limited	48	(922)
Consolidation adjustment	(184)	-
Group position	1,232	1,294

The Group operating surplus performance before exceptional costs was strong with a surplus of £1.5 million, 3.1% of total income, (2010/11 £1.7 million 3.8%). Even after allowing for the exceptional costs the surplus is result at £1.2 million, 2.6% of total income, (2010/11 £1.3 million 2.9%).

The subsidiary company Plas Coch Sports Limited was subject to a member's voluntary liquidation procedure in year.

The University Group acquired a subsidiary company based in London, Glyndŵr London School of Management and Science (Glyndŵr University London), which delivers academic programmes to international students. Revenue recognition (FRS5) require that it can only recognise a percentage of the income in year that is associated with the three enrolment cohorts. However, the company has incurred a full year of running costs along with first year set up costs which have reduced the profitability of this entity in its first year of trading as part of Glyndŵr University group. The company is forecasting a profit in subsequent years trading. Goodwill on acquisition of £2,245k has also been recognised (of which £225k has been amortised during the year), reflecting a three year estimation of the payments due to the vendor that are considered to be in excess of the commissions that would be paid on students enrolled in an arm's length transaction.

The activity within Optic Glyndŵr Limited relates wholly to the European Southern Observatory (ESO) project. Whilst this company has returned a modest profit in year this is due to the write back of a Welsh Government grant, which was anticipated over the life of the project and formally confirmed as not being required to be repaid in 2011/12. Since the inception of this project, there has been a significant improvement in the overall control environment and contingency has been built into the remaining cost to completion for the project. In addition, a measured approach has been taken with regard to income recognition. The project may benefit from further grant funding and the release of the warranty totalling approximately £500k in the future. 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 the fixed assets related to this project going forward. Recent progress and discussions concerning milestones reached with ESO officials have confirmed their satisfaction with the overall project to date which largely mitigates the inherent funding risk associated with this project.

Income

Total income has increased by £4 million, which includes £2.4 million from the acquisition in year of Glyndŵr University London, (a 9% increase from 2010/11). Funding Council grants decreased by £669k (a 4% reduction from 2010/11) essentially due to a reduction in the recurrent main teaching grant. Tuition fees and educational contracts increased by £2 million or 11.5% in line with increases in the Full-time Home fee and further growth in international student recruitment.

Income from research grants and contracts has decreased by £665k in 2011/12. With overall growth in income, research income now accounts for 3.7% of overall income (a decrease from 5.6% of overall income in 2010/11).

Expenditure

Total expenditure has increased by £4 million (a 9.3% increase on 2010/11) the majority of which was in relation to new activities within subsidiaries. The pay award in year was £150 per employee with effect from 1st August 2011.

Balance Sheet review

The net assets of the University's Group stand at £46 million, an increase of £6 million from the previous year. This figure is after taking into account a pension liability of £14.3 million (£11.5 million in 2010/11), valued in accordance with FRS17 'Retirement benefits'.

Fixed assets

The net book value of land and buildings, including assets under construction, increased to £58 million (2010/11 £52 million). The University acquired The Racecourse Stadium Wrexham in year at a cost of £1.9 million. There has been the triennial revaluation of the estate by Edward Symmons LLP at 31 July 2012. This gave rise to an upward valuation of £8 million. This includes an upward valuation adjustment of £7.9 million which was recognised to reflect the fact that the University is unable to recover this amount of VAT.

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 Group has increased by £2.9 million this being trade debtors related to three cohorts of students in the University being under the variable fee regime for the first time along with the increase in student numbers in the subsidiary.

Cash at bank and investments

This balance represents cash and investments held in current accounts and in interest bearing current accounts. As at the year end date, there was an overall increase in cash of £213k to £7.5 million. Of this just over £3 million is held in interest bearing current accounts.

Creditors

Creditors falling due within one year are £5 million more than 2011 at £14.4 million, relating to an increase in other creditors of £3 million and a £2 million accrual to establish goodwill in a subsidiary.

There is a single obligation under finance leases of £0.58 million which is due after more than one year which relates to the acquisition of assets in respect of Optic Glyndŵr Limited.

Deferred capital grants

Deferred capital grants have decreased by £744k in line with grants given in relation to the capital development programme.

Pension

The actuarial valuation of the University's Local Government pension fund has increased the liability to £14.3 million (2010/11 £11.5 million).

Revaluation reserve

The increase in the revaluation reserve comes from the revaluation in year which reflected both current property values and the addition of VAT to the carrying value of some building assets to reflect the irrecoverable nature of this cost. Release of excess depreciation to the income and expenditure amounting to £446k.

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 University and the identification and control of all associated risks.

The University's policy is to invest no more than £1 million in any one instrument provider and its objective is to maximise returns whilst protecting the capital amount of any deposit.

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.

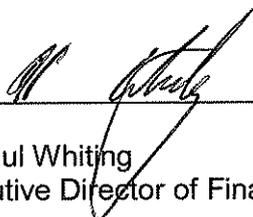
Post balance sheet events

There were none as at the balance sheet date.

Reporting statement

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

Signed on behalf of the Board:



Mr Paul Whiting
Executive Director of Finance & Estates

Date: 14th December 2012



Sir Jon Shortridge
Chairman

Date: 14th December 2012

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 2012, 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 2012, the Board of Governors can report that there was no element of this 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: an Audit Committee; Strategic Development and Finance 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 2012 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 auditor'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 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: 1. ensure its financial sustainability; 2. enhance the student experience; and 3. continue to build its research excellence in support of the regional economy. The University has managed its budgets well; reliance on HEFCW funding has reduced to 33.7% for 2011/12 and the benchmark surplus requirement for 2011/12 has been achieved. The student experience is also critical to the continued success of the University and whilst the results of the national student satisfaction survey showed a marginal decrease compared to the previous year, the University is encouraged by the number of students who are engaging with the survey and by the very encouraging results for some individual subject areas. The University believes its research capability is such that it can demonstrate that it meets the necessary criteria to provide public confidence in its ability to award its own research degrees and therefore intends to submit an application for RDAPs to the Privy Council following the outcome of the Institutional Review. These risks are of sufficient concern to be the subject of regular review at meetings of both the Executive Group and the Audit Committee who report to the Board of Governors.

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 2011/12 in respect of Corporate Governance.

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 principal results of risk identification, evaluation and management review.

The Audit Committee, on behalf of the Board of Governors, has reviewed the effectiveness of the system of internal control of 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 Group and is required to present audited financial statements for each financial year.

The Governing body is responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the University and Group 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 Group 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 and Group will continue in operation. The governing body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions, which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- ensure that there are effective systems of risk identification and management that cover all risks, produce a balanced portfolio of risk exposure, are based on a clearly articulated policy and approach, are monitored and reviewed regularly, are integrated into normal business processes and aligned to the University's strategic objectives and are managed by senior managers;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF GLYNDŴR UNIVERSITY

We have audited the financial statements of Glyndŵr University for the year ended 13 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated statement of historical costs surpluses and deficits, the Consolidated statement of the recognised gains and losses, the Balance Sheets, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the governing body and auditors

As explained more fully in the Responsibilities of the University's Board of Governors statement set out on page 19, the governing body (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution's governing body as a body in accordance with Article 22 of the institution's Articles of Government and section 124B of the Education Reform Act 1988 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2012, and of the group's income and expenditure, recognised gains and losses and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

Opinion on other matters prescribed in the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the 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;
- income has been applied in accordance with the institution's articles of government; and
- funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent institution; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion:

- the statement of internal control is inconsistent with our knowledge of the parent institution and group.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 December 2012

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

Notes:

- a) The maintenance and integrity of the Glyndwr 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.
- b) 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 2012

	Note	2012	2011
		£000	£000
Income			
Funding body grants	2	16,297	16,966
Tuition fees and education contracts	3	19,666	17,624
Research grants and contracts	4	1,804	2,469
Other income	5	10,529	7,272
Endowment and investment income	6	31	35
Total income		<u>48,327</u>	<u>44,366</u>
Expenditure			
Staff costs	7	25,800	24,779
Exceptional restructuring costs	7	358	631
		<u>26,158</u>	<u>25,410</u>
Other operating expenses	8	18,225	15,625
Exceptional reversal of impairment	8	(210)	(240)
Exceptional impairment of asset	8	98	-
		<u>18,113</u>	<u>15,385</u>
Depreciation	12	2,320	1,944
Interest and other finance costs	9	504	333
Total expenditure		<u>47,095</u>	<u>43,072</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax		<u>1,232</u>	<u>1,294</u>
Taxation	10	-	-
Surplus for the year retained within general reserves		<u>1,232</u>	<u>1,294</u>

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

Continuing activities include the results of acquisitions. During the year, as disclosed in note 13, the trade and assets of LSMS were acquired and these accounts include £2,374k and £2,367k of income and expenditure (net surplus of £7k in relation to the acquired activities).

Glyndŵr University**Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2012**

	Note	2012	2011
		£000	£000
Surplus on continuing operations before taxation		1,232	1,294
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	446	446
Historical cost surplus for the year before taxation		<u>1,678</u>	<u>1,740</u>
Taxation	10	-	-
Historical cost surplus for the year after taxation		<u>1,678</u>	<u>1,740</u>

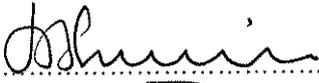
Consolidated statement of the total recognised gains and losses for the year ended 31 July 2012

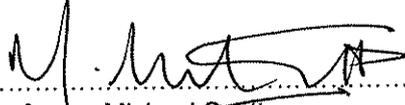
	Note	2012	2011
		£000	£000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,232	1,294
Unrealised surplus / (deficit) on revaluation of fixed assets	25	8,055	(5)
Appreciation of endowment asset investments	24	-	1
Actuarial (loss) in respect of pension scheme assets and liabilities	33	(2,575)	(844)
Total recognised gains relating to the year		<u>6,712</u>	<u>446</u>
Reconciliation			
Opening reserves and endowments		29,644	29,198
Total recognised gains for the year		6,712	446
Closing reserves and endowments		<u>36,356</u>	<u>29,644</u>

Glyndŵr University
Balance Sheets as at 31 July 2012

	Notes	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Fixed assets					
Intangible assets	13	2,020	-	-	-
Tangible assets	12	59,753	58,999	51,703	50,955
Investments	15	-	-	-	2,800
Total fixed assets		61,773	58,999	51,703	53,755
Endowment Assets	16	18	18	18	18
Current assets					
Stocks	14	67	60	86	79
Debtors	17	8,692	7,470	5,796	5,242
Investments	18	3,370	3,370	3,860	3,860
Cash at bank and in hand		4,108	2,770	3,405	3,117
Total current assets		16,237	13,670	13,147	12,298
Less: Creditors amounts falling due within one year	19	(14,443)	(8,379)	(9,399)	(8,323)
Net current assets		1,794	5,291	3,748	3,975
Total assets less current liabilities		63,585	64,308	55,469	57,748
Less: Creditors - amounts falling due after more than one year	20	(590)	(160)	(1,039)	(2,392)
Less: Provisions for liabilities	22	(2,599)	(2,599)	(2,833)	(2,781)
Net assets excluding pension liability		60,396	61,549	51,597	52,575
Net pension liability	33	(14,328)	(14,328)	(11,497)	(11,497)
NET ASSETS INCLUDING PENSION LIABILITY		46,068	47,221	40,100	41,078
Deferred capital grants	23	9,712	9,357	10,456	10,015
Endowment funds					
Expendable	24	-	-	-	-
Permanent	24	18	18	18	18
Total endowments		18	18	18	18
RESERVES					
Income and expenditure account excluding pension reserve	26	21,546	23,312	19,612	21,297
Pension reserve	33	(14,328)	(14,328)	(11,497)	(11,497)
Income and expenditure account including pension reserve	26	7,218	8,984	8,115	9,800
Specific reserve	24	200	200	200	200
Revaluation reserve	25	28,920	28,662	21,311	21,045
Total reserves		36,338	37,846	29,626	31,045
TOTAL FUNDS		46,068	47,221	40,100	41,078

The financial statements on pages 22 to 49 were approved by the governing body on 14th December 2012 and were signed on its behalf by:


 Sir Jon Shortridge
 Chairman


 Professor Michael Scott
 Vice Chancellor and Chief Executive

Glyndŵr University

Consolidated cash flow statement for the year ended 31 July 2012

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	27	3,354	1,816
Returns on investments	28	31	36
Taxation	10	-	-
Capital expenditure			
Appreciation of endowment asset investments	28	-	1
Payments to acquire tangible assets	29	(2,207)	(5,426)
Payments to acquire trade & assets	13	(452)	-
Deferred capital grants received	29	96	3,049
Cash inflow / (outflow) before management of liquid resources		<u>822</u>	<u>(524)</u>
Management of liquid resources	30	700	152
Financing	31	(819)	(21)
Increase / (decrease) in cash in year	32	<u><u>703</u></u>	<u><u>(393)</u></u>
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in the year		703	(393)
Cash inflow from liquid resources	32	(700)	(151)
Non cash increase in liquid resources	32	210	-
Cash inflow from movement in finance leases and loans		<u>819</u>	<u>175</u>
Movement in net funds in year		1,032	(369)
Net funds at 1 August		5,864	6,233
Net funds at 31 July		<u><u>6,896</u></u>	<u><u>5,864</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 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 and on a going concern basis. 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.

As in prior year's, the University has availed itself of the exemption from presenting a stand alone Income and Expenditure Account. The result for the year is set out in note 11.

(b) Exceptional items

At the year end the University has adjusted the provision that it holds against the treasury deposit it has with Kaupthing, Singer and Friedlander (who are in administration). The current provision level is in line with our expectation to recover a maximum of 86% and is also consistent with LAAP Bulletin 82, May 2012, where this percentage was declared as to be recovered.

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 2012 namely Glyndŵr London School of Management and Science, Glyndŵr Innovations Limited, North Wales Science, Optic Glyndŵr Limited and Glyndŵr London Holdings.

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.

(e) Discounts / instalment fees

Discretionary discounts paid to and instalment fees paid by students are recognised in [administrative expenses] in the period to which they relate.

(f) 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 (LGPS). 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.

(g) Leases

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

(h) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions in 2011/12 as no forward contracts that are in place have been utilised. 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.

(i) 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 LLP (Chartered Surveyors) conducted a revaluation of Land and Buildings as at 31 July 2012 performed in accordance with the RICS Appraisal and Valuation Manual. The valuation recorded includes the VAT element, where appropriate, of the buildings as this is deemed non recoverable.

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.

Any impairments which are due to the clear consumption of economic benefits are recognised in the Income and Expenditure Account in the period when they occur.

Any downward revaluations which are not due to the clear consumption of economic benefits are also recognised in the Income and Expenditure Account in the period when they occur, except to the extent that a revaluation reserve balance exists in relation to that asset, in which case that part of the downward revaluation is recognised as a charge against the revaluation reserve for that particular asset.

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

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 are capitalised at cost and depreciated over three years.

(j) **Stocks**

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

(k) **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.

(l) **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.

(m) **Taxation status**

The University is an excepted 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.

(n) Provisions

Provisions are recognised when a present legal or constructive obligation, as a result of a past event, exists. 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.

(o) Goodwill

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

Goodwill is calculated as the difference between purchase consideration and the fair value of any net assets at the date of acquisition.

Where applicable, VAT has been included in the consideration amounts payable.

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

(p) Impairment reviews

Where an impairment review is performed, the carrying value of the relevant asset (or assets within an income generating unit) is compared with the higher of value in use future expected cash flows (discounted where applicable) for that asset (or assets within an income generating unit) and the estimated net realisable value of that asset (or assets within an income generating unit). To the extent that the carrying value of the asset (or assets within an income generating unit) is lower, the difference is taken to the income and expenditure account.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

2 Funding body grants

	Note	2012 £000	2011 £000
Recurrent grant:			
Higher Education Funding Council for Wales		12,806	13,742
Specific grants:			
Release of deferred income		2,190	1,549
HEFCW other income		682	747
Research grants		-	283
Releases of deferred capital grants:			
Buildings	23	515	523
Equipment	23	104	122
Total		<u>16,297</u>	<u>16,966</u>

3 Tuition fees and education contracts

	2012 £000	2011 £000
Full-time home and EU students	8,640	8,478
Education contract income	2,920	2,647
Full-time international students	6,434	4,968
Part-time students	1,672	1,531
Total fees paid by or on behalf of individual students	<u>19,666</u>	<u>17,624</u>

4 Research grants and contracts

	2012 £000	2011 £000
Research Council	439	414
UK based charities	28	39
Other grants and contracts	1,337	2,016
Total	<u>1,804</u>	<u>2,469</u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

5 Other income

Note	2012 £000	2011 £000
Residences, catering and conferences	2,789	1,670
Other income generating activities	6,624	4,922
Research grants and contracts and other income	895	478
Releases from deferred capital grants	23 221	202
Total	10,529	7,272

6 Endowment and investment income

	2012 £000	2011 £000
Other interest receivable	31	35
Total	31	35

7 Staff costs

	2012 Number	2011 Number
Teaching departments (teaching staff)	250	237
Teaching support services	60	57
Other support services	70	54
Administration and central services	221	208
Premises	28	30
Total	629	586

Staff costs for the above persons:

	2012 £000	2011 £000
Wages and salaries	21,531	20,246
Social security costs	1,675	1,578
Other pension costs (including FRS 17 adjustments)	2,594	2,955
Payroll sub-total	25,800	24,779
Restructuring costs	358	631
Total	26,158	25,410

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

7 Staff costs (continued)

	2012 £000	2011 £000
Teaching departments	13,038	12,771
Teaching support services	999	1,025
Other support services	3,521	3,291
Administration and central services	4,944	4,482
Premises	881	853
Other income generating activities	1,464	1,413
Catering and residences	697	666
FRS 17 retirement benefit charges	256	278
Sub total	25,800	24,779
Exceptional restructuring costs	358	631
Total	26,158	25,410

Emoluments of the Vice-Chancellor:

	2012 £	2011 £
Salary	185,028	176,579
Benefits in kind	13,667	11,424
Pension contributions	16,598	24,898
	215,293	212,901

Emoluments of higher paid employees:

	2012 Number of employees	2011 Number of employees
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

8 Other operating expenses

	2012 £000	2011 £000
Teaching departments	1,686	1,527
Teaching support services	3,634	3,063
Administration and central services	1,351	694
General education	1,572	1,072
Premises costs: running costs	1,794	2,019
Premises costs: maintenance	518	470
Staff and student facilities	439	369
Planned maintenance	188	206
Other income generating activities	3,202	2,718
Catering and residence operations	1,205	119
Franchised provision	744	744
Research	1,038	1,791
Bursary payments (waived fees) to HE students	854	833
Total before exceptional item	18,225	15,625
Exceptional - reversal of impairment	(210)	(240)
Exceptional - impairment of asset	98	-
Total other operating expenses	18,113	15,385

Other operating expenses include:

	2012 £000	2011 £000
Auditors' remuneration:		
external audit - university	33	28
external audit - subsidiaries	21	33
external audit - governance advice	-	5
internal audit	28	26
non-audit fees paid to external auditors - advisory services in relation to liquidation of a non trading subsidiary	20	-
Hire of other assets - operating leases	-	13

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

9 Interest and other finance costs

	Note	2012 £000	2011 £000
On finance leases		-	-
Pension finance costs	33	504	333
Total		504	333

10 Taxation

		2012 £000	2011 £000
UK corporation tax			
Provision for deferred corporation tax in the Financial Statements of the subsidiary company		-	-
Total		-	-

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 2012

11 Surplus for the year retained within general reserves

The surplus on continuing operations for the period is made up as follows:

	2012 £000	2011 £000
University's surplus for the period before exceptional items	1,566	2,597
Exceptional restructuring costs	(358)	(631)
Exceptional gain on reversal of impairment of deposit	210	240
Exceptional loss on impairment of asset	(98)	-
University's surplus for the period	1,320	2,206
Surplus / (deficit) generated by subsidiary undertakings:		
Glyndŵr Innovations Limited	39	21
North Wales Science	5	(11)
Optic Glyndŵr Limited	48	(922)
Glyndŵr London Holdings *	(3)	-
Glyndŵr London School of Management and Science Limited *	7	-
Consolidation adjustment	(184)	-
Total	1,232	1,294

* First year of operation

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

12 Tangible assets (consolidated)

	Freehold Land and Buildings	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000
Cost or Valuation			
As at 1 August 2011			
Valuation	31,626	3,646	35,272
Cost	20,069	-	20,069
Cost / Valuation	<u>51,695</u>	<u>3,646</u>	<u>55,341</u>
Additions at cost	2,126	288	2,414
Transfers	(817)	817	-
Disposals	-	(123)	(123)
Impairment of CFC building	(177)	-	(177)
Revaluation	5,175	-	5,175
	<u>58,002</u>	<u>4,628</u>	<u>62,630</u>
At 31 July 2012			
Valuation	36,624	3,646	40,270
Cost	21,378	982	22,360
	<u>58,002</u>	<u>4,628</u>	<u>62,630</u>
Accumulated depreciation			
As at 1 August 2011			
Charge for year	1,243	1,077	2,320
Eliminated in respect of disposals	-	(123)	(123)
Impairment of CFC building	(79)	-	(79)
Revaluation	(2,879)	-	(2,879)
At 31 July 2012	<u>365</u>	<u>2,512</u>	<u>2,877</u>
Net book value			
At 31 July 2012	<u>57,637</u>	<u>2,116</u>	<u>59,753</u>
Net book value As at 1 August 2011	<u>49,615</u>	<u>2,088</u>	<u>51,703</u>

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

During the year ended 31 July 2012, the University's land and buildings have been revalued using the depreciated replacement cost method or market value, where appropriate, by external valuers, Edward Symmons LLP, RICS, Chartered Surveyors. This gave rise to an upward valuation of £8 m which was reflected in reserves. This includes an upward valuation adjustment of £7.9m which was recognised in reserves in 2011/12 to reflect the fact that the University is unable to recover this amount of VAT. The valuation has been prepared in accordance with the RICS Valuation - Professional Standards 2012.

Assets held under finance leases have been capitalised within tangible fixed assets as follows:

	Fixtures, fittings, equipment & motor vehicles	
	2012 £000	2011 £000
Cost	1,917	1,917
Aggregated depreciation	(1,095)	(713)
	<u>822</u>	<u>1,204</u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

12 Tangible assets (University)

	Freehold Land and Buildings	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000
Cost or Valuation			
As at 1 August 2011			
Valuation	31,596	-	31,596
Cost	19,168	3,550	22,718
	<u>50,764</u>	<u>3,550</u>	<u>54,314</u>
Additions at cost	2,126	174	2,300
Transfers	(817)	817	-
Disposals	-	(123)	(123)
Impairment of CFC building	(177)	-	(177)
Revaluation	5,175	-	5,175
	<u>36,594</u>	<u>4,418</u>	<u>36,594</u>
At 31 July 2012			
Valuation	36,594	-	36,594
Cost	20,477	4,418	24,895
	<u>57,071</u>	<u>4,418</u>	<u>61,489</u>
Accumulated depreciation			
As at 1 August 2011			
Charge for year	1,946	1,413	3,359
Eliminated in respect of disposals	1,165	1,047	2,212
Impairment of CFC building	-	(123)	(123)
Revaluation	(79)	-	(79)
	<u>(2,879)</u>	<u>-</u>	<u>(2,879)</u>
At 31 July 2012	<u>153</u>	<u>2,337</u>	<u>2,490</u>
Net book value			
At 31 July 2012	<u>56,918</u>	<u>2,081</u>	<u>58,999</u>
Net book value			
As at 1 August 2011	<u>48,818</u>	<u>2,137</u>	<u>50,955</u>

See note on tangible assets (consolidated)

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

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

	Goodwill	
	2012 £000	2011 £000
Cost		
As at 1 August 2011	678	678
Additions	2,245	
As at 31 July 2012	2,923	678
Accumulated amortisation		
As at 1 August 2011	678	609
Charge in year	225	69
As at 31 July 2012	903	678
Net book value at year end	2,020	-

The goodwill arose on the acquisition of Optic Glyndŵr Limited in 2009 and Glyndŵr London School of Management and Science Limited in 2011.

On 1 August 2011 London School of Professional Studies Limited (subsequently renamed Glyndwr London School of Management and Science Limited on 2 August 2011) acquired the trade of London School of Management and Science Limited.

Consideration for the trading activities paid or due to London School of Management and Science Limited is made up of 3 elements;

- Estimated commission on existing students as at the date of acquisition (1 August 2011) transferring to the company - £240,000 (inclusive of non-recoverable VAT). £60,000 of this has been paid in the year ended 31 July 2012, £120,000 will be paid in the year ended 31 July 2013 and the rest will be paid in the year ended 31 July 2014.

- A portion of estimated commission on new students enrolling from 1 August 2011 up to 31 July 2014 that is deemed to be purchase consideration on the basis that it is in excess of the level of commission which would normally be payable in an arms' length transaction - £1,862,568. £588,142 of this has been paid in the year ended 31 July 2012 and the rest will be paid before the end of the year ended 31 July 2015.

- A profit share calculated at 50% of forecast profits to 31 July 2014, before adjusting for goodwill and amortisation - £142,582. This will be paid before the end of the year ended 31 July 2015.

The assets and liabilities on acquisition were:

	Book Value £000	Fair Value £000
Assets	nil	nil
Liabilities	nil	nil
Consideration paid or due:		
Commission due on transferring students inclusive of VAT	240	240
Commission due on new students inclusive of VAT	1,862	1,862
Forecast profit share	143	143
	<u>2,245</u>	<u>2,245</u>
Goodwill arising	<u>2,245</u>	<u>2,245</u>

The goodwill arising has been capitalised on the balance sheet. The Director has determined the goodwill has a useful economic life of 10 years and amortisation has been charged accordingly.

The consideration (and therefore goodwill) figures set out above are provisional and will be subject to review and adjusted as appropriate in subsequent periods as exact levels of commission and profit share are determined.

14 Stocks

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Stocks - goods for resale	67	60	86	79
Total	67	60	86	79

Management expect stock to realise its carrying value.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

15 Investments

Investments in subsidiary companies

	University £000
Cost	
At 1 August 2011	2,800
Disposal	<u>(2,800)</u>
At 31 July 2012	-
Net book value	
At 31 July 2012	<u>-</u>
At 1 August 2011	<u>2,800</u>

Plas Coch Sports Limited, to which the above investment refers, was voluntarily liquidated in year, having not traded, with its activities being transferred to Glyndŵr Innovations Limited.

The University has the following subsidiaries:

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

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

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

On 15 July 2011, Glyndŵr London Holdings was incorporated as a company limited by guarantee. The company is limited by the guarantee of Glyndŵr University and is included in the consolidated accounts of Glyndŵr University on the basis that it is controlled by Glyndŵr University.

On 8 February 2010, Glyndŵr London School of Management and Science was incorporated as a limited company (at the time known as London School of Professional Studies Limited) with £1,000 share capital. This company was acquired by Glyndŵr London Holdings 1 August 2011 for a consideration of £1.

Glyndŵr London School of Management and Science agreed to pay a marketing fee representing 30% of the annual revenues of Glyndŵr London School of Management and Science to London School of Management and Science, for a period of three year from 1 August 2011, 20% in consideration for marketing support and 10% in consideration for recruitment services. The amount paid to London School of Management and Science during the year ended 31 July 2012 was £650k and as at 31 July 2012 there were no amounts owing by Glyndŵr London School of Management and Science to London School of Management and Science

Glyndŵr London School of Management and Science is also committed to paying a royalty fee representing 20% of annual revenues of Glyndŵr London School of Management and Science to Glyndŵr University in consideration for administrative support for a period of three year from 1 August 2011. In 2011/12 this royalty fee has been reduced to 5% for one year only. The amount paid to Glyndŵr University during the year ended 31 July 2012 was £109k as at 31 July 2012 there were no amounts owing by Glyndŵr London School of Management and Science to Glyndŵr University.

As part of the acquisition agreement, LSMS retained the revenues and delivered courses which had already started as at the date of acquisition and GLSMS recharged LSMS direct costs that were incurred by GLSMS in relation to administering these courses. The direct costs recharged by GLSMS to LSMS in 2011/12 amounted to £18k

16 Endowment assets

	Note	Consolidated £000	University £000
Balance at 1 August 2011		18	18
Balance at 31 July 2012		<u>18</u>	<u>18</u>
Represented by:			
Cash balances	32	18	18
Total		<u>18</u>	<u>18</u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

17 Debtors

	Consolidated	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Trade debtors	7,887	4,970	5,188	4,354
Amounts owed by group undertakings:				
Subsidiary undertakings	-	1,915	-	310
Prepayments and accrued income	805	585	608	578
Total	8,692	7,470	5,796	5,242

18 Investments

	Consolidated	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Deposits maturing:				
In one year or less	3,370	3,370	3,860	3,860
Between one and two years	-	-	-	-
Total	3,370	3,370	3,860	3,860

19 Creditors: amounts falling due within one year

	Consolidated	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Trade creditors	1,932	1,524	905	805
Obligations under finance leases	170	-	220	-
Other creditors	2,496	598	1,051	1,171
Loans due	-	-	529	-
Accruals and deferred income	9,845	5,744	6,694	6,347
Total	14,443	8,379	9,399	8,323

20 Creditors: amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Loans from subsidiary undertakings	-	-	-	2,243
Obligations under finance leases	430	-	890	-
Early retirement pension obligations	160	160	149	149
Total	590	160	1,039	2,392

The University has given £2.8m of security over land on Mold Road to the Royal Bank of Scotland plc.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

21 Borrowings

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
a) Loans				
Loans are repayable as follows:				
In one year or less or on demand	-	-	529	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>529</u>	<u>-</u>

The University currently has no borrowings with banks or overdrafts.

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
b) Finance leases				
The net finance lease obligations to which the institution is committed are:				
In one year or less	170	-	220	-
Between two and five years	406	-	670	-
Total	<u>576</u>	<u>-</u>	<u>890</u>	<u>-</u>

22 Provisions for liabilities

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Enhanced pension:				
At 1 August	2,781	2,781	2,862	2,862
Provided in year	-	-	-	-
Released in year	(182)	(182)	(81)	(81)
At 31 July	2,599	2,599	2,781	2,781
Other provision:				
At 1 August	52	-	-	-
Provided in year	-	-	52	-
Released in year	(52)	-	-	-
At 31 July	-	-	52	-
Total	<u>2,599</u>	<u>2,599</u>	<u>2,833</u>	<u>2,781</u>

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

Other provisions provided for an anticipated cost from a legal claim in a group subsidiary which has now been concluded and will not arise

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

23 Deferred capital grants

	HEFCW grants £000	Consolidated Other grants £000	Total £000
At 1 August 2011			
Land and buildings	8,615	1,277	9,892
Equipment	282	282	564
	<u>8,897</u>	<u>1,559</u>	<u>10,456</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	96	96
	<u>-</u>	<u>96</u>	<u>96</u>
Released to income and expenditure account			
Land and buildings	(515)	(110)	(625)
Equipment	(104)	(111)	(215)
	<u>(619)</u>	<u>(221)</u>	<u>(840)</u>
At 31 July 2012			
Land and buildings	8,100	1,167	9,267
Equipment	178	267	445
Total	<u>8,278</u>	<u>1,434</u>	<u>9,712</u>

	HEFCW grants £000	University Other grants £000	Total £000
At 1 August 2011			
Land and buildings	8,614	837	9,451
Equipment	282	282	564
	<u>8,896</u>	<u>1,119</u>	<u>10,015</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	97	97
	<u>-</u>	<u>97</u>	<u>97</u>
Released to income and expenditure account			
Land and buildings	(515)	(25)	(540)
Equipment	(104)	(111)	(215)
	<u>(619)</u>	<u>(136)</u>	<u>(755)</u>
At 31 July 2012			
Land and buildings	8,099	812	8,911
Equipment	178	268	446
Total	<u>8,277</u>	<u>1,080</u>	<u>9,357</u>

24 Endowment funds and specific reserves

	Consolidated and University		Total £000
	Restricted £000	Unrestricted £000	
At 1 August 2011	-	18	18
At 31 July 2012	<u>-</u>	<u>18</u>	<u>18</u>
Specific reserve			
Covenant on behalf of Charity Commission for sale of property	200	-	200
Total	<u>200</u>	<u>-</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

25 Revaluation reserve

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
At 1 August	21,311	21,045	21,762	21,489
Revaluations in the year	8,054	8,054	-	-
Adjustment for VAT accrual	1	1	(5)	(6)
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(446)	(438)	(446)	(438)
At 31 July	<u>28,920</u>	<u>28,662</u>	<u>21,311</u>	<u>21,045</u>

During the year ended 31 July 2012, the University's land and buildings have been revalued using the depreciated replacement cost method by Edward Symmons LLP. This gave rise to an upward valuation of £8 m which was reflected in reserves. This includes an upward valuation adjustment of £7.8m which was recognised in reserves in 2011/12 to reflect the fact that the University is unable to recover this amount of VAT.

26 Movement on general reserves

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Income and Expenditure Account Reserve				
At 1 August	8,115	9,800	7,219	8,000
Surplus retained for the year	1,232	1,320	1,294	2,206
Transfer from revaluation reserve	446	438	446	438
Actuarial loss in respect of pension scheme	(2,575)	(2,575)	(844)	(844)
At 31 July	<u>7,218</u>	<u>8,984</u>	<u>8,115</u>	<u>9,800</u>
Balance represented by:				
Pension reserve	(14,328)	(14,328)	(11,497)	(11,497)
Income and expenditure reserve excluding pension reserve	21,546	23,312	19,612	21,297
At 31 July	<u>7,218</u>	<u>8,984</u>	<u>8,115</u>	<u>9,800</u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

27 Reconciliation of net cash inflow from operating activities

	Notes	2012 £000	2011 £000
Surplus on continuing operations after depreciation of assets at valuation		1,232	1,294
Depreciation	12	2,320	1,944
Amortisation of goodwill	13	225	69
Loss on impairment of fixed assets	12	98	-
Deferred capital grants released to income	23	(840)	(847)
Interest payable	9	504	333
Pension cost less contributions payable	33	(246)	(55)
Decrease in stocks	14	19	956
Increase in debtors	17	(2,896)	(2,014)
Increase in creditors	19	3,413	205
Revaluation reserve adjustment	25	-	(5)
Decrease in provisions	22	(234)	(29)
Interest receivable	6	(31)	(35)
Exceptional reversal of impairment		(210)	-
Net cash inflow from operating activities		3,354	1,816

28 Returns on investments

		2012 £000	2011 £000
Income from endowments		-	1
Other interest received	6	31	35
Total		31	36

29 Capital expenditure and financial investment

		2012 £000	2011 £000
Purchase of tangible fixed assets		(2,207)	(5,426)
Deferred capital grants received	23	96	3,049
Net cash outflow from capital expenditure and financial investment		(2,111)	(2,377)

30 Management of liquid resources

		2012 £000	2011 £000
Withdrawals from deposits		(700)	(152)
Net cash outflow from management of liquid resources		(700)	(152)

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

31 Financing

	Note	2012 £000	2011 £000
Debt due beyond a year:			
Capital element of finance lease rental payments		(819)	(21)
Net cash inflow from financing		<u><u>(819)</u></u>	<u><u>(21)</u></u>

32 Analysis of changes in net funds

		At 1 August 2011 £000	Cash flows £000	Other changes £000	At 31 July 2012 £000
Cash at bank and in hand		3,405	703	-	4,108
Endowment asset investments	16	18	-	-	18
Total		<u><u>3,423</u></u>	<u><u>703</u></u>	<u><u>-</u></u>	<u><u>4,126</u></u>
Debt due within 1 year		(749)	579	-	(170)
Debt due after 1 year		(670)	240	-	(430)
Current asset investments		3,860	(700)	210	3,370
Total		<u><u>5,864</u></u>	<u><u>822</u></u>	<u><u>210</u></u>	<u><u>6,896</u></u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33 Pension and similar obligations (University)

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 £2,731,000 (2011 - £2,955,000). The expected costs for 2012/13 for the LGPS are £286,000 finance charge and £1,446,000 contributions.

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 Teachers' Pension Scheme is subject to a valuation by the scheme actuary every four years. The Government Actuary's Department has been working on the current valuation (as at 31 March 2008) but this has been suspended pending the final report by the IPSPC and full consideration of the Spending Review announcements.

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 2011 to 31 July 2012 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 £256,000 (2011: £278,000).

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33 Pension and similar obligations (University) (continued)

Local Government Pension Scheme

The following information is based upon a full actuarial valuation of the Fund at 31 March 2011 updated to 31 July 2012 by a qualified independent actuary.

	At 31 July 2012	At 31 July 2011	At 31 July 2010
Rate of increase in salaries	3.60%	4.40%	4.45%
Rate of increase for pensions in payment/inflation	2.10%	2.90%	2.70%
Discount rate for liabilities	4.30%	5.30%	5.50%

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 2012	At 31 July 2011
- of a male (female) future pensioner aged 65 in 20 years' time	24 years (26.7 years)	23.2 years (25.9 years)
- of male (female) current pensioner aged 65	22.2 years (24.7 years)	21.8 years (24.3 years)

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

	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012 £000	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011 £000	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £000
Equities	7.0%	10,122	7.0%	9,084	7.5%	10,839
Government Bonds	2.5%	-	0.0%	-	4.2%	-
Other Bonds	3.4%	4,240	4.9%	3,347	5.1%	2,422
Property	6.0%	2,777	6.0%	1,411	6.5%	1,384
Cash	0.5%	353	0.5%	979	0.5%	38
Other	7.0%	7,749	7.0%	7,945	7.5%	4,536
Total market value of assets		25,241		22,766		19,219
Present value of scheme liabilities		(39,569)		(34,263)		(29,594)
Related deferred tax liability		-		-		-
Deficit in the scheme		(14,328)		(11,497)		(10,375)

Analysis of the amount charged to income and expenditure account

	2012 £000	2011 £000
Current service cost	(1,294)	(1,202)
Curtailments	(22)	(200)
Total operating charge recognised in staff costs	(1,316)	(1,402)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	1,354	1,324
Interest on pension liabilities	(1,858)	(1,657)
Pension finance costs	(504)	(333)

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

Actual return less expected return on pension scheme assets	(699)	917
Experience gains and losses arising on the scheme liabilities	(1,876)	(1,761)
Past service cost gain	-	-
Actuarial (loss) / gain recognised in STRGL	(2,575)	(844)

Movement in deficit during year

Deficit in scheme at 1 August	(11,497)	(10,375)
Movement in year:		
Current employer service charge	(1,294)	(1,202)
Employer Contributions	1,564	1,457
Curtailments	(22)	(200)
Net interest / return on assets	(504)	(333)
Actuarial gain or loss	(2,575)	(844)
Deficit in scheme at 31 July	(14,328)	(11,497)

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33 Pension and similar obligations (University) (continued)

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

	2012 £000	2011 £000
At beginning of the year	34,263	29,594
Current service cost	1,294	1,202
Interest cost	1,858	1,657
Contributions by scheme participants	515	468
Actuarial gains and losses	1,876	1,761
Benefits paid	(259)	(619)
Past service costs	-	-
Business combinations	-	-
Curtailments	22	200
Settlements	-	-
At end of year	<u>39,569</u>	<u>34,263</u>

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

	2012 £000	2011 £000
At beginning of the year	22,766	19,219
Expected rate of return on scheme assets	1,354	1,324
Actuarial gains and losses	(699)	917
Contributions by employer	1,564	1,457
Contributions by scheme participants	515	468
Benefits paid	(259)	(619)
At end of year	<u>25,241</u>	<u>22,766</u>

History of experience gains and losses

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Actual return on scheme assets	656	2,194	2,623	(2,048)	(787)
Difference between the expected and actual return on assets	(699)	917	1,564	(3,149)	(1,916)
Experience gains and losses on scheme liabilities	(1,876)	(1,761)	(1,737)	2,640	2,119
Present value of the scheme liabilities	(39,569)	(34,263)	(29,594)	(26,809)	(26,396)
Present value of the scheme assets	25,241	22,766	19,219	15,806	15,725
Deficit	<u>(14,328)</u>	<u>(11,497)</u>	<u>(10,375)</u>	<u>(11,003)</u>	<u>(10,671)</u>

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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

34 Capital commitments

	Consolidated	
	2012	2011
Commitments contracted for at 31 July	£000	£000
St Asaph building	1,920	-
IRP1600 polishing machine	1,500	-
Total	3,420	-

35 Financial commitments

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

	Consolidated and University			
	2012		2011	
	Property £000	Vehicles, plant and equipment £000	Property £000	Vehicles, plant and equipment £000
Expiring within one year	-	-	-	13
Total	-	-	-	13

36 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 December 2013. These monies may become payable if the contract is not completed successfully in the allotted timescale.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

37 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. No transactions have taken place in year.

38 Access and disability grants

Access Funds	2012	2011
	£	£
Balance unspent as at 1st August	217,809	202,797
Income - Funding Body	143,466	115,339
Income - Interest earned	132	122
	<u>361,407</u>	<u>318,258</u>
Disbursed to students	(137,473)	(100,288)
Audit fees	(164)	(161)
Balance unspent as at 31 July	<u><u>223,770</u></u>	<u><u>217,809</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.

39 Post balance sheet events

There are no post balance sheet events.