

**GLYNDŴR UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2013**

Registered Charity number: 1142048

**GLYNDŴR UNIVERSITY**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013**

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## **REPORT OF THE BOARD OF GOVERNORS**

### **Introduction**

Glyndŵr University plays a crucial role in the social, economic and cultural life of North East Wales. It is intrinsically linked to the region's industry and other educational establishments and is a significant driving force in the creation and maintenance of civic society in the region. It works closely with employers to ensure that they have access to a suitably skilled and qualified workforce as well as providing research and development services in specialised areas. It is responsive to the needs of existing and potential students, providing a wide range of academic programmes. It is highly active internationally, attracting significant numbers of international students to the area and bringing important investment to the University and the wider region.

### **Charitable Status**

Glyndŵr University 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 2011 having had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

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;
- Organisational commitment to the pursuit of excellence and loyalty to the University as a community of learning

### **Public Benefit**

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

- **Students**

Students are the principal beneficiaries. They gain from participating in the teaching and research of the University, which prepares them for meaningful and rewarding careers. The University's focus on an applied and practical education linked to employers' needs has

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resulted in the University having one of the best employability rates in Wales for its graduates and a graduate starting salary that is 16% higher than the Welsh average.

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

- **Staff**

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

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

- **The Public**

The University organises an extensive range of community and outreach activities, including exhibitions, public and professional lectures, concerts, performances and other events.

The public and professional lecture series has attracted large numbers of visitors during 2012/13 and a new programme of art exhibitions at the University's Sycharth Gallery has attracted considerable attention within the community.

In July 2013 Techniquest Glyndŵr celebrated ten years since it was opened by HM the Queen. This coincided with the science discovery centre passing the milestone of 500,000 visitors drawn from the public, schools and community groups.

- **Other Beneficiaries**

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

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

Alumni, fellows and friends of the University also have the opportunity to engage with the University on a regular basis.

Specific benefits to the UK and Welsh Governments as well as the wider community also come through the University's activities in transforming the economy of North East Wales, making it an attractive location for inward investment and providing and supporting a highly skilled workforce.

The University's work with 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**

Widening access is an integral part of the character of Glyndŵr University. Its 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.

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

- 42.1% of the University's UK students are from social classes 4, 5, 6 and 7 and the University is active in the Communities First areas in order to increase this figure further.
- 98.8% of the University's UK students are from state schools.

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

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

## **Student Support**

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

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

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

## **Admissions**

The University's admissions team, study support team and programme teams work 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. 25.3% of the University's student population are from Low Participation Neighbourhoods. This is by far the highest proportion in Wales.

## **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 a range of scholarships and bursaries are made available to many students. The Glyndŵr University bursary is available to all full-time undergraduate students from the UK who meet the base criteria. In addition, Glyndŵr University has several bursaries and scholarships it has awarded to assist gifted students. In line with the Frank Buttle Trust accreditation, a care leaver scholarship is offered of £1,000 per year of study to qualifying care leavers. The

Disabled Students' Allowance (DSA) helps with costs incurred as a direct result of a student's disability.

A Financial Contingency Fund is also 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, and with local industry offering for example STEM awareness sessions. Increasing numbers of schoolteachers are engaging with the University, becoming actively involved and aware of the particular role that staff from the University can provide. Introductory sessions to Higher Education and delivered to schools are arranged in both English and Welsh.

### **Community engagement**

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

The University engages with civic leaders at many levels. The Vice-Chancellor has regular meetings with community leaders. Members of the Executive and staff also engage with the community.

The University is a member of the Wrexham Community Safety Partnership, which is working towards applying for the Purple Flag Night-time Economy Award for the town centre. The partnership is working with the local council, the police and other public authorities to improve the public perceptions of Wrexham.

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

### **Research**

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

In 2012/13 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 and with the University's continued success in their development, the mirrors may in part be made in North Wales.

### **Other Developments**

The University's commitment to quality and enhancing the student experience was recognised by a number of different external organisations during the year. The quinquennial Institutional Review by the Quality Assurance Agency produced one of the best reports any university in the UK has received for many years. A review of the University's engineering programmes by the sector's professional accreditation body also produced an excellent result and the first Review of Foundation Degrees was successful. The University moved up five points in the National Student Survey and it retained its lead over other Welsh universities for the average graduate starting salary.

## **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 brings 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**

Sir Jon	Shortridge KCB	Chairman (from December 2012)
Mrs Colette	Bleakley	
Mr Mervyn	Cousins MMus BMus PGCE	
Mr Derek	Griffin	Vice Chairman
Ms Julia	Grime LLB ACA	
Mr Graham	Hillier	(Appointed October 2012)
Mr David	Howard BSc (Hons) ACII	
Mr John	Kenworthy	
Mr Bruce	Roberts BSc BA FCA	
Mr Vincent	Ryan LLB	
Professor Norman	Sharp OBE	(Appointed October 2012)
Mr Ian	Williams	

### **Vice Chancellor and Chief Executive**

Professor Michael 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' Nominees**

Mr Adam Fuller

Ms Laura-Jane Lawson

### **Co-opted members of the Board's Committees**

Mr Ian Morris (Audit Committee)

Dr Janet Wademan (Audit Committee)

Judge Roger Dutton BA DL (Nominations Committee)

### **Members who left the Board during 2012/13**

Mr Michael Cant BArch MBA MIOD MRICS (Chairman until December 2012)

Professor Peter Toyne CBE DL (Member until October 2012)

### **Governor's remuneration**

Members of the Board of Governors are not remunerated for their posts but may receive reimbursement of expenses incurred in the performance of their duties. Travel and subsistence expenses of £3,238 were reimbursed during 2012/13 (£6,138 in 2011/12).

### **Members of the Board of Governors are the trustees for the Charity.**

### **Auditors**

The University has appointed the firm PricewaterhouseCoopers LLP as its external auditor and Baker Tilly (formerly RSM Tenon) as its internal auditor for the year to 31 July 2013.

## **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 2013. The subsidiaries gift aid their profits to the University.

### **Financial summary**

- Glyndŵr University has achieved remarkable financial results over the past decade, increasing turnover from £19 million in 2001 to £44 million in 2013. It has outperformed other universities in Wales with an average growth year-on-year of 9% and throughout this cycle the average annual surplus was 3.6%.
- However, this year as a result of the economic stagnation nationally and the introduction of the new variable fees regime, the Group suffered a deficit of £4 million in 2012/13. Putting that into context it still shows a period of significant growth during this period and importantly because of the successful performance in prior years, this deficit can be covered by accumulated income and expenditure reserves. There is also less reliance on Funding Council grants as a percentage of total income; they decreased from 34% in 2011/12 to 22% in 2012/13.
- Over the coming two years the forecast show a return to a sustainable annual surplus, based on sustainable academic activity and the emergence of Glyndŵr London Limited (GLL) as a significant player in London in the international market.
- A focus on marketing and recruitment and a redesign of the academic offering has led to the most successful recruitment campaign ever. For 2013 - home/EU full-time students increased by over 40% to 1,320 compared to 2012,
- GLL secured a profit of £850,000 in 2012/13 in only its second year of trading which was gift aided to the University and which is also net of a parent royalty payment of £1.5 million.
- GLL's success was also matched by activities at the University's St Asaph campus, where during 2013, Glyndŵr Innovations was again named among the fastest growing businesses in Wales.
- Income from research grants and contracts also rose by 8% in 2012/13.
- The past 12 months have been challenging in terms of the University's recent financial history but it remains in a position of strength, with net assets standing at £40.9 million.

### **Operating Review**

Glyndŵr University has inherited a 125 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 North Wales. It has 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, to be the new 21<sup>st</sup> 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 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 being student-centred and to provide proactive student support.

## **Strengths and Areas for Development**

Glyndŵr University's energy, commitment and vision is demonstrated 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 to meet the current and future needs of the market. This new curriculum will help to ensure that the University can deliver on the ambitious growth targets it has set itself.

The University's vision is aligned with the 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 unique selling point, building on current work-based and industry links, and curricular innovations.

The University's balance sheet remains strong. 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 externally-funded capital investment programme, and 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 it is well-placed to enhance this reputation and status.

The University has evidence of sound governance and effective management. 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 well-placed amongst Welsh HEIs and has a clear sustainable future as a university in its own right. We recognise that there are areas for further action and development, and have plans to address each of these.

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 and these will be encompassed within new Strategic Plan that is being developed during 2013/14. However, the existing Strategic Plan to 20/14 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. This builds upon our success in developing partnerships in India and China and follows the opening of our London campus. Based upon current performance these targets will be met during 2013/14.
- In terms of the student experience:
  - (i) for Full-time first degree the non-continuation rate will be 10% with a projected completion rate of 70% (current performance is 10.1% and 71.6% respectively); and
  - (ii) an overall student satisfaction from the National Students Survey of 82% over the life of the Plan (current performance is 82%).
- A target of a graduate employability rate of 91% (current performance is 89.7%).
- The financial position has a target operating surplus after exceptional items in excess of 3% of income 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:
  - (i) Percentage of Full-time and Part-time enrolments from Low Participation neighbourhoods – targets of 21% for Full-time and 10.5% for Part-time (current performance is 24% FT and 23% PT);
  - (ii) Percentage of Welsh domiciled FT students from Communities First areas – a target of 7% (current performance is 10.9%); and
  - (iii) 42.1% of the University's UK students are from social classes 4, 5, 6 and 7 and the University is active in the Communities First areas in order to increase this figure further.

## **Research and Scholarship.**

The University is working to achieve 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**

There has been growth in International student numbers at Glyndŵr London Limited of 18%, and this has secured increased fee income. Overall student enrolments reduced by 8%, from 9,537 in 2011/12, to 8,743 in 2012/13, and total student FTE decreased by 7%, from 5,698 to 5,291. These reductions are attributable to the 6% decrease in full-time Home/EU undergraduate enrolments and a 15% reduction in international student recruitment to Wrexham. Overseas (non-EU) enrolments have fallen slightly by 3%, from 2,688 in 2011/12 to 2,611 in 2012/13, with enrolments at Glyndŵr London Limited at 1,480 which represents 55% of total international enrolments compared to 47% last year. The international profile has diversified, with a reduction of students from India, but increasing numbers from Bangladesh, Nepal and China.

There has been a successful recruitment campaign for 2013. Home/EU full-time students increased by over 40% to 1,320 compared to 2012, against a budget base-line of 1,200. In addition, the target for returning students at 1,306 was exceeded.

Recruitment to part-time programmes has generally been sustained, and associated fee income has increased. There has been a reduction of 10% to short course enrolments, attributable to lower numbers enrolled on English Language modules for EU-domiciled students, and this accounts for the overall reduction in part-time enrolments. Postgraduate enrolments have also remained constant at just over 1,400, in line with 2011/12 levels, and this has helped in part, to keep Glyndŵr University on track with its aim to build the profile of postgraduate.

In terms of the classification of degree qualifications, the distribution has improved considerably compared with the previous year:

- First Class at 16% (12% in 2011/12);
- Upper Second at 34% (31% in 2011/12);
- Lower Second at 33% (31% in 2011/12); and
- Third/Pass at 17% (26% in 2011/12).

The result of the 2012 destination of leavers' survey shows that 75.9% of our former students were in employment or in further study (down from 80.6% in 2011). The overall employability rate was 92.3%

down slightly from 94.4% in 2011. However, the overall average starting salary has increased to £22,664 (£22,178 in 2011).

## 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 – 22% achieved in 2012/13 (34% in 2011/12). This is a reduction from £16.3 million to £9.5 million.
2. Achieve an operating surplus, before exceptional costs, as a percentage of total income at 3% during the life of the Plan – 9% deficit in 2012/13 (2.3% surplus in 2011/12).
3. Increase total gross turnover for the Group – £43.9 million achieved in 2012/13 (£48.3 million in 2011/12).
4. Maintain cash liquidity at a minimum of 80 days' of expenditure.

## Financial Review

Glyndŵr University's consolidated group result for the 12 months to 31 July can be summarised as follows:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Income	43,884	48,327
Expenditure	(47,721)	(46,849)
Operating (deficit)/surplus	(3,837)	1,478
Exceptional impairment reversal	-	210
Exceptional restructuring	(117)	(358)
Exceptional impairment	-	(98)
<b>Result for the year</b>	<b>(3,954)</b>	<b>1,232</b>

The performance for the University and its subsidiary companies for 2013 is detailed below:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Glyndŵr University	(2,881)	1,320
Glyndŵr London Limited	(69)	7
Glyndŵr London Holdings	(2)	(3)
Glyndŵr Innovations Limited	-	39
North Wales Science	15	5
Optic Glyndŵr Limited	(900)	48
Consolidation adjustment	-	(184)
<b>Group position</b>	<b>(3,954)</b>	<b>1,232</b>

Two major changes over the past two years have meant that the University has been operating in the most turbulent environment in its recent history:

- The introduction of the new variable fees regime; and
- Restrictions on international students imposed by the Home Office which has severely affected the overseas student market, particularly in India.

Over the past ten years the University has grown from a base turnover of £19 million in 2000/01 to £48.3 million in 2011/12. This equates to an average annual growth of 9% year-on-year. The average annual surplus over the same period of time is 3.6%. Over the past five years the figures are 10.5% average annual growth and an average annual surplus of 1.7%. For 2012/13 the Group incurred a deficit of £4 million, representing 9% of total income (2011/12 a surplus of £1.2 million 2.4%). However, the deficit for 2012/13 needs to be put into context of prior years' performances.

Thanks to the University's prior years' strong surplus performances that the deficit can be covered by accumulated reserves. Recovery is already underway with substantial growth in recruitment of Home/EU student numbers in Wrexham and the key focus is now on international student levels.

The University's cost base has been reviewed with a view to returning to a sustainable surplus position over the next two years. This is being addressed through an organisation-wide review and focus based on sustainable activity derived from our core teaching work including our London campus which is profitable, and has proven to be an excellent investment. This fundamental review has encompassed for example, the existing academic delivery with a view to consolidation under the "Glyndŵr Degree". Central to the forecast is the generation of sufficient levels of surplus to ensure not only the continued maintenance of the Estate, but also to provide for the further investment in equipment and infrastructure needed to achieve our priorities as set out in the Strategic Plan: to be a modern effective 21<sup>st</sup> Century university with excellent facilities.

Glyndŵr University's financial strategy seeks to maintain the delivery of higher education at targeted levels both for capped funded Welsh domiciled students and international students. It includes ongoing partnership developments in the international private higher education arena and its own international student delivery at its London campus which continues to achieve sustainable levels of growth.

Glyndŵr London Limited is a real success story and has performed exceptionally well in its second year of trading and has returned a profit of £781k. This is stated after a royalty payment of £1.5m to the University. The profit from London has been gift aided to the University parent.

The activity within Optic Glyndŵr Limited relates almost entirely to the European Southern Observatory (ESO) project. The project has benefited from further grant funding and the release of the warranty totalling approximately £500k. Whilst a loss has been recorded in year, this project has resulted in an investment in a world class research facility mostly funded by the customer, and is of continuing strategic importance to the University. This has the potential to generate considerable value to the University through as yet unrecognised intellectual property. Excellent progress has been made recently and discussions concerning milestones reached with ESO officials have confirmed their satisfaction with the overall project to date

Glyndŵr Innovations Limited and North Wales Science performed in line with expectations. Glyndŵr Innovations returned a profit of £29k which has been gift aided to the University.

## **Income**

Total income has reduced by £4.4 million, (a 9.2% decrease from 2011/12). The University's shortfall was caused by the lower recruitment levels for full-time UK/EU undergraduates in response to the first year changeover to the new fee regime. Numbers in 2013/14 have already recovered to their highest levels ever. There was a reduction in international student recruitment, undergraduate and

postgraduate, to Glyndŵr University Wrexham. New international partnerships have been developed to aid international recruitment from 2013/14.

Funding Council grants decreased by £6.8 million (a 42% reduction from 2011/12) essentially due to the move away from grant funding to student tuition fee funding. Tuition fees and educational contracts increased by £4.8 million (25%) as a consequence of the change in funding regime.

Other income reduced by £2.6 million largely due to a decrease in income generating activities in year.

Income from research grants and contracts has increased by 8% to £1.9 million in 2012/13.

### **Expenditure**

Total expenditure has increased by £0.7 million (a 1.6% increase on 2011/12) the majority of which was in relation to staff cost increases. Overall staff costs increased to 62% of income compared to 53% in 2012.

Other operating expenses, excluding depreciation and interest, reduced marginally by £68k to £18.2 million.

### **Balance Sheet review**

The net assets of the University's Group stand at £40.9 million, a reduction of £5.2 million from the previous year. This figure is after taking into account a pension liability of £14.2 million (£14.3 million in 2011/12), valued in accordance with FRS17 'Retirement benefits'.

### **Fixed assets**

The net book value of land and buildings reduced to £57.2 million (2011/12 £57.6 million). The University acquired a 250 year lease on the St Asaph Campus at a cost of £1.8 million, this replaced a short-term lease which was overdue for renewal and followed extensive negotiations with the former owners. The building houses the majority of the University's scientific research. The University also purchased equipment at a cost of £1.5 million which will be utilised at the St Asaph Campus. These demonstrate the commitment of the University as part of its targeted research strategy.

### **Current assets**

#### **Debtors**

The overall debtors' position for the Group has decreased by £0.7 million. The majority of this reduction relates to student debtors.

#### **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 reduction in cash of £6 million to £1.3 million. Of the movement, £2.4 million relates to operations; and £3.3 million reflects an investment in fixed assets. £1.2 million is held in interest bearing current accounts.

#### **Creditors**

Creditors falling due within one year have reduced from £14.4 million to £13.1 million in 2012/13.

There is a remaining obligation under finance leases of £0.4 million which relates to the acquisition of assets in respect of Optic Glyndŵr Limited. There is a secured bank overdraft of £0.7 million.

## **Deferred capital grants**

Deferred capital grants have decreased by £0.8 million 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 reduced the liability to £14.2 million (2011/12 £14.3 million).

## **Revaluation reserve**

The reduction in the revaluation reserve from £28.9 million in 2011/12 to £27.5 million in 2012/13 relates to the transfer of depreciation to the income and expenditure amounting to £581k.

## **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.

## **Borrowing**

As at the balance sheet date, the University has an overdraft facility of £2.5 million secured on a specific property asset.

## **Post balance sheet events**

There were no post balance sheet events at the date of this report.

## **Going Concern**

The University's activities and some of the planning assumptions are detailed on pages 8 to 10 and its key risk areas are outlined within the Corporate Governance statement on pages 18 to 19. The factors likely to affect future developments, performance and position are set out in the following section.

The University has faced an unprecedented twelve months in terms of recruitment and reductions in funding principally because of challenges with both home and overseas full-time recruitment. Actions were put in place early within the year to mitigate these. This included a freeze on recruitment with the exception of key strategic areas, and also a freeze on non-essential spends. This was set against a priority to enhance the student experience. In a year of intense saving we delivered excellent national student survey results which saw overall satisfaction levels increase by 5% to 82% in 2013.

A focus on marketing and recruitment and a redesign of the academic offering has led to a successful campaign in that recruitment levels for 2013 for home/EU full-time students increased by over 40% to 1,320 compared to 2012, against a budget base-line of 1,200. In addition, the target for returning

students at 1,306 was exceeded and so the restoration of the University's income levels is well under way.

The University is in the process of devising a new Strategic Plan for 2014-19. This will build upon recent key achievements – an excellent Institutional Review, the review of HE in North East Wales, and the Developmental Review of Foundation Degrees. This plan is underpinned by the commitment to ensure long-term growth and a sustainable base whilst responding dynamically to a rapidly changing marketplace, keeping our offering relevant to today's students, business and our wider region. The revised financial plan aligns with the strategic focus of the University in the medium to longer term and priorities include:

- Consolidating overseas growth in student numbers at Wrexham;
- Sustainable growth in non-Welsh domiciled Home students;
- Growth in part-time students linked to greater employer engagement;
- Maintaining sustainable growth in London;
- Sustainable growth with overseas partners;
- A revised academic framework with a new curriculum;
- Staffing and departmental organisational structure that is fit-for-purpose for a modern university environment that supports the student experience; and
- Building relationships with key FE institutions in N E Wales.

The Board of Governors through its Strategy and Finance Committee have agreed the following key financial parameters for its financial strategy:

- Operating surplus as % of income – a 3% target in 2014/15 and a medium-term target of 5%;
- External borrowing as % of income (gearing) – long-term borrowing is zero and capital developments over the short-term will be conditional upon obtaining external funding sources;
- Liquidity (cash plus investments less overdrafts/expenditure) – a target of 80 days with a recovery during the course of the next financial year;
- Funding Council Grants as % of income – a reduced reliance target of 35% was set (22% achieved in 2012/13 compared to 34% in 2011/12).

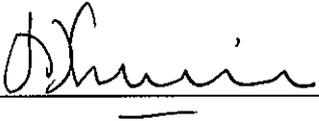
The University is facing a period of considerable change. Although the totality of income is unlikely to change significantly, the proportion derived from funding body grants has reduced considerably whilst the proportion derived from student fees has increased significantly with an associated increase in working capital requirements.

The Board's current forecasts and projections, taking account of reasonable sensitivities in relation to the key risks, indicate that the University will be able to operate within its current facilities and available headroom. The Board considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the University's financial statements.

## Reporting statement

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

Signed on behalf of the Board:



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Sir Jon Shortridge  
Chairman

Date: 20<sup>th</sup> December 2013

## **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 UK Corporate Governance Code and recommendations arising from the Dearing Inquiry into Higher Education.

Throughout the year ended 31 July 2013, the University has been in compliance with all the Code provisions set out in the UK Corporate Governance 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 2013, 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; Strategy 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 2013 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, Baker Tilly (formerly 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 had a challenging year in 2012/13 and the benchmark surplus was not achieved; however, its reliance on HEFCW funding has reduced to 22%. 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 significant improvement with overall satisfaction levels increasing by 5% compared to the previous year. The University is also 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 very successful 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 2012/13 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 group and parent institution financial statements (the "financial statements") of Glyndŵr University for the year ended 31 July 2013 which comprise Consolidated Income and Expenditure Account, the Consolidated statement of historical cost surpluses and deficits, the Consolidated statement of the total recognised gains and losses, the Consolidated and University 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 statement of Responsibilities of the University's Board of Governors set out on page 21, 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 and Financial Statements 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 2013, 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 statutes; 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 Report of the Board of Governors 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  
Chartered Accountants and Statutory Auditors  
Manchester

20 December 2013

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 Glyndŵr University website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- 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 2013**

	Note	2013	2012
		£000	£000
<b>Income</b>			
Funding body grants	2	9,513	16,297
Tuition fees and education contracts	3	24,489	19,666
Research grants and contracts	4	1,941	1,804
Other income	5	7,925	10,529
Endowment and investment income	6	16	31
<b>Total income</b>		<b><u>43,884</u></b>	<b><u>48,327</u></b>
<b>Expenditure</b>			
Staff costs before exceptional restructuring costs	7	26,992	25,800
Exceptional restructuring costs	7	117	358
Staff costs	7	<b>27,109</b>	<b>26,158</b>
Other operating expenses before exceptional items	8	18,157	18,225
Exceptional reversal of impairment	8	-	(210)
Exceptional impairment of asset	8	-	98
Other operating expenses	8	<b>18,157</b>	<b>18,113</b>
Depreciation	12	2,256	2,320
Interest and other finance costs	9	316	504
<b>Total expenditure</b>		<b><u>47,838</u></b>	<b><u>47,095</u></b>
(Deficit) / surplus after depreciation of tangible fixed assets and before tax		<u>(3,954)</u>	<u>1,232</u>
Taxation	10	-	-
<b>(Deficit) / surplus for the year retained within general reserves</b>		<b><u><u>(3,954)</u></u></b>	<b><u><u>1,232</u></u></b>

All results derive from continuing operations.

**Glyndŵr University**

**Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2013**

	Note	2013	2012
		£000	£000
(Deficit) / surplus on continuing operations before taxation		(3,954)	1,232
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	581	446
<b>Historical cost (deficit) / surplus for the year before taxation</b>		<u><u>(3,373)</u></u>	<u><u>1,678</u></u>
Taxation	10	-	-
<b>Historical cost (deficit) / surplus for the year after taxation</b>		<u><u>(3,373)</u></u>	<u><u>1,678</u></u>

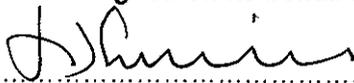
**Consolidated statement of the total recognised gains and losses for the year ended 31 July 2013**

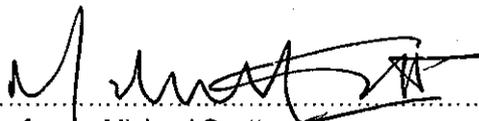
	Note	2013	2012
		£000	£000
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(3,954)	1,232
Unrealised surplus on revaluation of fixed assets	25	-	8,055
Adjustment to revaluation reserve	25	(793)	-
Actuarial gain / (loss) in respect of pension scheme assets and liabilities	33	353	(2,575)
<b>Total recognised (losses) / gains relating to the year</b>		<u><u>(4,394)</u></u>	<u><u>6,712</u></u>
<b>Reconciliation</b>			
Opening reserves and endowments		36,356	29,644
Total recognised (losses) / gains for the year		(4,394)	6,712
<b>Closing reserves and endowments</b>		<u><u>31,962</u></u>	<u><u>36,356</u></u>

**Glyndŵr University**  
**Balance Sheets as at 31 July 2013**

	Notes	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
<b>Fixed assets</b>					
Intangible assets	13	1,141	-	2,020	-
Tangible assets	12	60,073	59,453	59,753	58,999
Investments	15	-	-	-	-
<b>Total fixed assets</b>		<b>61,214</b>	<b>59,453</b>	<b>61,773</b>	<b>58,999</b>
<b>Endowment Assets</b>	16	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Current assets</b>					
Stocks	14	56	51	67	60
Debtors	17	7,969	6,174	8,692	7,470
Investments	18	1,190	1,190	3,370	3,370
Cash at bank and in hand		671	141	4,108	2,770
<b>Total current assets</b>		<b>9,886</b>	<b>7,556</b>	<b>16,237</b>	<b>13,670</b>
Less: Creditors amounts falling due within one year	19	(13,069)	(9,421)	(14,443)	(8,379)
<b>Net current (liabilities) / assets</b>		<b>(3,183)</b>	<b>(1,865)</b>	<b>1,794</b>	<b>5,291</b>
<b>Total assets less current liabilities</b>		<b>58,049</b>	<b>57,606</b>	<b>63,585</b>	<b>64,308</b>
Less: Creditors - amounts falling due after more than one year	20	(308)	(98)	(590)	(160)
<b>Less: Provisions for liabilities</b>	22	<b>(2,621)</b>	<b>(2,621)</b>	<b>(2,599)</b>	<b>(2,599)</b>
<b>Net assets excluding pension liability</b>		<b>55,120</b>	<b>54,887</b>	<b>60,396</b>	<b>61,549</b>
Net pension liability	33	(14,213)	(14,213)	(14,328)	(14,328)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>40,907</b>	<b>40,674</b>	<b>46,068</b>	<b>47,221</b>
<b>Deferred capital grants</b>	23	<b>8,945</b>	<b>8,676</b>	<b>9,712</b>	<b>9,357</b>
<b>Endowment funds</b>					
Expendable	24	-	-	-	-
Permanent	24	18	18	18	18
<b>Total endowments</b>		<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	26	18,411	18,696	21,546	23,312
Pension reserve	33	(14,213)	(14,213)	(14,328)	(14,328)
Income and expenditure account including pension reserve	26	4,198	4,483	7,218	8,984
Specific reserve	24	200	200	200	200
Revaluation reserve	25	27,546	27,297	28,920	28,662
<b>Total reserves</b>		<b>31,944</b>	<b>31,980</b>	<b>36,338</b>	<b>37,846</b>
<b>TOTAL FUNDS</b>		<b>40,907</b>	<b>40,674</b>	<b>46,068</b>	<b>47,221</b>

The financial statements on pages 24 to 52 were approved by the governing body on 20th December 2013 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 2013**

	Note	2013 £000	2012 £000
<b>Net cash (outflow) / inflow from operating activities</b>	27	(2,439)	3,354
<b>Returns on investments and servicing of finance</b>	28	(15)	31
<b>Taxation</b>	10	-	-
<b>Capital expenditure</b>			
Payments to acquire tangible assets	29	(3,380)	(2,207)
Payments to acquire trade & assets	13	(924)	(452)
Deferred capital grants received	29	76	96
<b>Cash (outflow) / inflow before management of liquid resources</b>		<u>(6,682)</u>	<u>822</u>
<b>Management of liquid resources</b>	30	2,180	700
<b>Financing</b>	31	(170)	(819)
<b>(Decrease) / increase in cash in year</b>	32	<u><u>(4,672)</u></u>	<u><u>703</u></u>
 <b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease) / increase in cash in the year		(4,672)	703
Cash inflow from liquid resources	32	(2,180)	(700)
Non cash increase in liquid resources		-	210
Cash inflow from movement in finance leases and loans		170	819
<b>Movement in net funds in year</b>		<u>(6,682)</u>	<u>1,032</u>
<b>Net funds at 1 August</b>		6,896	5,864
<b>Net funds at 31 July</b>		<u><u>214</u></u>	<u><u>6,896</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 financial statements adhere to the accounting directives of HEFCW.

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

The University had cash outflows of £6m in 2012/13, £3.3m of which related to capital expenditure.

Management have prepared a detailed forecast for 13/14 and 14/15 and a strategic plan thereafter and these forecasts and plans have been approved by the Board. These forecasts are based on known student numbers for 2013/14 and show positive cash inflows.

Due to changes in the funding mechanism, there are delays in the receipt of funding and therefore the University needs an overdraft facility. Therefore, the University has set up an overdraft facility which has been formally agreed with National Westminster Bank Plc until December 2014.

Taking account of the above, the Board consider it appropriate to prepare the financial statements on a going concern basis.

#### **(b) Exceptional items**

There were no exceptional items in year.

#### **(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 2013 namely Glyndŵr University London, Glyndŵr Innovations Limited, North Wales Science, Optic Glyndŵr Limited and Glyndŵr London Holdings. Uniform accounting policies are adopted across the Group as appropriate.

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. All incomes are recognised as gross and bursaries and scholarships are accounted for as costs.

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**

Fixed assets held under finance lease and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception 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. Freehold 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.

Freehold land and buildings inherited on incorporation are stated at valuation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 Freehold 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. Fixtures, fittings, 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 on a first in first out basis. No provision is made for slow moving or obsolete stock.

#### **(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 2011 and as such is a charity within the meaning the Section 506(1) of the Income & Corporation Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income & Corporation Taxes Act 1988 or Section 256 of the Taxation of Charitable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. 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.

#### **(q) Agency arrangements**

The University acts as an agent for the collection and subsequent payment of Access Funds and Training bursaries. The related income and expenditure is excluded from the consolidated income and expenditure account. Details are disclosed in note 38 Access and disability grants .

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 2 Funding body grants

	Note	2013 £000	2012 £000
Recurrent grant:			
Higher Education Funding Council for Wales		4,465	12,806
Specific grants:			
Release of deferred income		2,127	2,190
HEFCW other income		2,311	682
Releases of deferred capital grants:			
Buildings	23	515	515
Equipment	23	95	104
<b>Total</b>		<b><u>9,513</u></b>	<b><u>16,297</u></b>

### 3 Tuition fees and education contracts

	2013 £000	2012 £000
Full-time home and EU students	10,894	8,640
Education contract income	2,215	2,920
Full-time international students	9,467	6,434
Part-time students	1,913	1,672
<b>Total fees paid by or on behalf of individual students</b>	<b><u>24,489</u></b>	<b><u>19,666</u></b>

### 4 Research grants and contracts

	2013 £000	2012 £000
Research Council	374	439
UK based charities	15	28
Other grants and contracts	1,552	1,337
<b>Total</b>	<b><u>1,941</u></b>	<b><u>1,804</u></b>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

5 Other income

	Note	2013 £000	2012 £000
Residences, catering and conferences		2,456	2,789
Other income generating activities		4,893	6,624
Research grants and contracts and other income		343	895
Releases from deferred capital grants	23	233	221
<b>Total</b>		<b>7,925</b>	<b>10,529</b>

6 Endowment and investment income

	2013 £000	2012 £000
Other interest receivable	16	31
<b>Total</b>	<b>16</b>	<b>31</b>

7 Staff costs

	2013 Number	2012 Number
Teaching departments (teaching staff)	258	250
Teaching support services	60	60
Other support services	65	70
Administration and central services	246	221
Premises	26	28
<b>Total</b>	<b>655</b>	<b>629</b>

Staff costs for the above persons:

	2013 £000	2012 £000
Wages and salaries	22,145	21,531
Social security costs	1,768	1,675
Other pension costs (including FRS 17 adjustments)	3,079	2,594
<b>Payroll sub-total</b>	<b>26,992</b>	<b>25,800</b>
<b>Sub total</b>	<b>26,992</b>	<b>25,800</b>
Restructuring costs - severance costs	117	358
<b>Total</b>	<b>27,109</b>	<b>26,158</b>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

7 Staff costs (continued)

	2013 £000	2012 £000
Teaching departments	13,872	13,038
Teaching support services	1,054	999
Other support services	3,666	3,521
Administration and central services	5,154	4,944
Premises	836	881
Other income generating activities	1,452	1,464
Catering and residences	720	697
FRS 17 retirement benefit charges	238	256
<b>Sub total</b>	<b>26,992</b>	<b>25,800</b>
Exceptional restructuring costs	117	358
<b>Total</b>	<b>27,109</b>	<b>26,158</b>

Emoluments of the Vice-Chancellor:

	2013 £	2012 £
Salary	201,627	185,028
Benefits in kind	13,270	13,667
Pension contributions	-	16,598
	<b>214,897</b>	<b>215,293</b>

Emoluments of higher paid employees:

	2013 Number of employees	2012 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	-	-
£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

	2013 £000	2012 £000
Teaching departments	1,311	1,686
Teaching support services	4,023	3,634
Administration and central services	1,701	1,351
General education	1,903	1,572
Premises costs: running costs	2,509	1,794
Premises costs: maintenance	434	518
Staff and student facilities	571	439
Planned maintenance	80	188
Other income generating activities	2,266	3,202
Catering and residence operations	1,081	1,205
Franchised provision	894	744
Research	1,267	1,038
Bursary payments (waived fees) to HE students	117	854
<b>Total before exceptional item</b>	<b>18,157</b>	<b>18,225</b>
Exceptional - reversal of impairment	-	(210)
Exceptional - impairment of asset	-	98
<b>Total other operating expenses</b>	<b>18,157</b>	<b>18,113</b>

### Other operating expenses include:

	2013 £000	2012 £000
Auditors' remuneration:		
external audit - University	40	33
external audit - subsidiaries	33	21
internal audit	31	28
non-audit fees paid to external auditors - advisory services in relation to liquidation of a non trading subsidiary	-	20

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 9 Interest and other finance costs

	Note	2013 £000	2012 £000
Bank loans and overdrafts		31	-
Pension finance costs	33	285	504
<b>Total</b>		<b>316</b>	<b>504</b>

### 10 Taxation

	2013 £000	2012 £000
UK corporation tax		
Provision for deferred corporation tax in the Financial Statements of the subsidiary company	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

In the opinion of the Board of Governors, the criteria of s505 ICTA 1988 and s256 TCGA 1992 are fulfilled and there is no Corporation Tax liability arising on the University's activities for the period ended 31 July 2013.

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

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

	2013 £000	2012 £000
University's (deficit) / surplus for the period before exceptional items*	(2,881)	1,566
Exceptional restructuring costs	(117)	(358)
Exceptional gain on reversal of impairment of deposit	-	210
Exceptional loss on impairment of asset	-	(98)
University's surplus for the period	<u>(2,998)</u>	<u>1,320</u>
Surplus / (deficit) generated by subsidiary undertakings:		
Glyndŵr Innovations Limited	-	39
North Wales Science	15	5
Optic Glyndŵr Limited	(900)	48
Glyndŵr London Holdings	(2)	(3)
Glyndŵr London Limited	(69)	7
Consolidation adjustment	-	(184)
<b>Total</b>	<b><u>(3,954)</u></b>	<b><u>1,232</u></b>

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
<b>Cost or Valuation</b>			
As at 1 August 2012	58,002	4,628	62,630
Additions at cost	1,626	1,754	3,380
Transfers	(920)	(69)	(989)
Impairment of hockey pitch	(11)	-	(11)
Disposals	-	(97)	(97)
<b>At 31 July 2013</b>	<b><u>58,697</u></b>	<b><u>6,216</u></b>	<b><u>64,913</u></b>
<b>Accumulated depreciation</b>			
As at 1 August 2012	365	2,512	2,877
Charge for year	1,162	1,094	2,256
Transfers	(57)	(139)	(196)
Eliminated in respect of disposals	-	(97)	(97)
<b>At 31 July 2013</b>	<b><u>1,470</u></b>	<b><u>3,370</u></b>	<b><u>4,840</u></b>
<b>Net book value</b>			
<b>At 31 July 2013</b>	<b><u>57,227</u></b>	<b><u>2,846</u></b>	<b><u>60,073</u></b>
Net book value			
As at 1 August 2012	<u>57,637</u>	<u>2,116</u>	<u>59,753</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 were revalued using the depreciated replacement cost method or market value, where appropriate, by external valuers, Edward Symmons LLP, RICS, Chartered Surveyors. The accounting policy requires a revaluation to be performed every 3 years, therefore no valuation has taken place in the year ended 31 July 2013. The amount of land and buildings held at valuation is £35,838,000 (2012: £36,624,000). The historical cost equivalent for the revalued assets is £21,233,000 (2012: £21,378,000).

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

	Fixtures, fittings, equipment & motor vehicles	
	2013 £000	2012 £000
Cost	1,917	1,917
Aggregated depreciation	(1,477)	(1,095)
	<b><u>440</u></b>	<b><u>822</u></b>

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
<b>Cost or Valuation</b>			
As at 1 August 2012	57,071	4,418	61,489
Additions	1,626	1,754	3,380
Transfers	(775)	-	(775)
Disposals	-	(97)	(97)
<b>At 31 July 2013</b>	<b><u>57,922</u></b>	<b><u>6,075</u></b>	<b><u>63,997</u></b>
<b>Accumulated depreciation</b>			
As at 1 August 2012	153	2,337	2,490
Charge for year	1,084	1,067	2,151
Eliminated in respect of disposals	-	(97)	(97)
<b>At 31 July 2013</b>	<b><u>1,237</u></b>	<b><u>3,307</u></b>	<b><u>4,544</u></b>
<b>Net book value</b>			
<b>At 31 July 2013</b>	<b><u>56,685</u></b>	<b><u>2,768</u></b>	<b><u>59,453</u></b>
Net book value			
As at 1 August 2012	<u>56,918</u>	<u>2,081</u>	<u>58,999</u>

See note on tangible assets (consolidated)

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

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

	Goodwill	
	2013 £000	2012 £000
<b>Cost</b>		
As at 1 August	2,923	678
(Adjustments) / additions	(818)	2,245
<b>As at 31 July</b>	<b>2,105</b>	<b>2,923</b>
<b>Accumulated amortisation</b>		
As at 1 August	903	678
Charge in year	61	225
<b>As at 31 July</b>	<b>964</b>	<b>903</b>
<b>Net book value at year end</b>	<b>1,141</b>	<b>2,020</b>

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

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 goodwill has been adjusted following a review in year.

#### University

The goodwill in the University arose on the acquisition of Optic Glyndŵr Limited and as at 31 July 2013 and 31 July 2012 has a net book value of £nil.

### 14 Stocks

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
Stocks - goods for resale	56	51	67	60
<b>Total</b>	<b>56</b>	<b>51</b>	<b>67</b>	<b>60</b>

Management expect stock to realise its carrying value.

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 15 Investments

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 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.

### 16 Endowment assets

	Note	Consolidated £000	University £000
Balance at 1 August 2012		18	18
Additions		-	-
Appreciation of endowment asset investments		-	-
Disposals		-	-
Appreciation on disposals / revaluation		-	-
<b>Balance at 31 July 2013</b>		<b>18</b>	<b>18</b>
Represented by:			
Cash balances	32	18	18
<b>Total</b>		<b>18</b>	<b>18</b>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

17 Debtors

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
Trade debtors	7,086	5,398	7,887	4,970
Amounts owed by group undertakings:				
Subsidiary undertakings	-	118	-	1,915
Prepayments and accrued income	883	658	805	585
<b>Total</b>	<b>7,969</b>	<b>6,174</b>	<b>8,692</b>	<b>7,470</b>

18 Investments

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
Deposits maturing:				
In one year or less	1,190	1,190	3,370	3,370
<b>Total</b>	<b>1,190</b>	<b>1,190</b>	<b>3,370</b>	<b>3,370</b>

19 Creditors: amounts falling due within one year

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
Secured bank overdraft	1,235	1,235	-	-
Trade creditors	3,112	2,271	1,932	1,524
Amounts owed to group undertakings:				
Subsidiary undertakings	-	193	-	513
Obligations under finance leases	220	-	170	-
Other creditors	977	532	2,496	598
Accruals and deferred income	7,525	5,190	9,845	5,744
<b>Total</b>	<b>13,069</b>	<b>9,421</b>	<b>14,443</b>	<b>8,379</b>

The University has given £7.4m of security over land on Mold Road to the Royal Bank of Scotland plc.

20 Creditors: amounts falling due after more than one year

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
Obligations under finance leases	210	-	430	-
Early retirement pension obligations	98	98	160	160
<b>Total</b>	<b>308</b>	<b>98</b>	<b>590</b>	<b>160</b>

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 21 Borrowings

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
<b>a) Loans</b>				
Loans are repayable as follows:				
In one year or less or on demand	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
<b>b) Finance leases</b>				
The net finance lease obligations to which the institution is committed are:				
In one year or less	220	-	170	-
Between two and five years	210	-	430	-
In five years or more	-	-	-	-
<b>Total</b>	<b>430</b>	<b>-</b>	<b>600</b>	<b>-</b>

### 22 Provisions for liabilities

	Consolidated 2013 £000	University 2013 £000	Consolidated 2012 £000	University 2012 £000
<b>Enhanced pension:</b>				
At 1 August	2,599	2,599	2,781	2,781
Provided in year	22	22	-	-
Released in year	-	-	(182)	(182)
At 31 July	2,621	2,621	2,599	2,599
<b>Other provision:</b>				
At 1 August	-	-	52	-
Provided in year	-	-	-	-
Released in year	-	-	(52)	-
At 31 July	-	-	-	-
<b>Total</b>	<b>2,621</b>	<b>2,621</b>	<b>2,599</b>	<b>2,599</b>

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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

23 Deferred capital grants

	Consolidated HEFCW grants £000	Consolidated Other grants £000	Consolidated Total £000
At 1 August 2012			
Land and buildings	8,100	1,167	9,267
Equipment	178	267	445
	<u>8,278</u>	<u>1,434</u>	<u>9,712</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	76	76
	<u>-</u>	<u>76</u>	<u>76</u>
Released to income and expenditure account			
Land and buildings	(515)	(110)	(625)
Equipment	(95)	(123)	(218)
	<u>(610)</u>	<u>(233)</u>	<u>(843)</u>
At 31 July 2013			
Land and buildings	7,585	1,057	8,642
Equipment	83	220	303
<b>Total</b>	<u><b>7,668</b></u>	<u><b>1,277</b></u>	<u><b>8,945</b></u>

	University HEFCW grants £000	University Other grants £000	University Total £000
At 1 August 2012			
Land and buildings	8,099	812	8,911
Equipment	178	268	446
	<u>8,277</u>	<u>1,080</u>	<u>9,357</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	77	77
	<u>-</u>	<u>77</u>	<u>77</u>
Released to income and expenditure account			
Land and buildings	(515)	(25)	(540)
Equipment	(95)	(123)	(218)
	<u>(610)</u>	<u>(148)</u>	<u>(758)</u>
At 31 July 2013			
Land and buildings	7,584	787	8,371
Equipment	83	222	305
<b>Total</b>	<u><b>7,667</b></u>	<u><b>1,009</b></u>	<u><b>8,676</b></u>

24 Endowment funds and specific reserves

	Consolidated and University		Total £000
	Restricted £000	Unrestricted £000	
At 1 August 2012	-	18	18
At 31 July 2013	<u>-</u>	<u>18</u>	<u>18</u>
<b>Specific reserve</b>			
Covenant on behalf of Charity Commission for sale of property	200	-	200
<b>Total at 1 August 2012 &amp; 31 July 2013</b>	<u><b>200</b></u>	<u><b>-</b></u>	<u><b>200</b></u>

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

**25 Revaluation reserve**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August	28,920	28,662	21,311	21,045
Revaluations in the year	-	-	8,054	8,054
Adjustment for VAT accrual	-	-	1	2
Adjustment	(793)	(792)	-	-
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(581)	(573)	(446)	(439)
<b>At 31 July</b>	<b><u>27,546</u></b>	<b><u>27,297</u></b>	<b><u>28,920</u></b>	<b><u>28,662</u></b>

**26 Movement on general reserves**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income and Expenditure Account Reserve</b>				
At 1 August	7,218	8,984	8,115	9,800
(Deficit) / surplus retained for the year *	(3,954)	(5,427)	1,232	1,320
Transfer from revaluation reserve	581	573	446	439
Actuarial gain / (loss) in respect of pension scheme	353	353	(2,575)	(2,575)
<b>At 31 July</b>	<b><u>4,198</u></b>	<b><u>4,483</u></b>	<b><u>7,218</u></b>	<b><u>8,984</u></b>
Balance represented by:				
Pension reserve	(14,213)	(14,213)	(14,328)	(14,328)
Income and expenditure reserve excluding pension reserve	18,411	18,696	21,546	23,312
<b>At 31 July</b>	<b><u>4,198</u></b>	<b><u>4,483</u></b>	<b><u>7,218</u></b>	<b><u>8,984</u></b>

\*stated after provision against receivables from subsidiary

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 27 Reconciliation of net cash inflow from operating activities

	Notes	2013 £000	2012 £000
(Deficit) / surplus on continuing operations after depreciation of assets		(3,954)	1,232
Depreciation	12	2,256	2,320
Amortisation of goodwill	13	61	225
Loss on impairment of fixed assets	12	11	98
Deferred capital grants released to income	23	(843)	(840)
Interest payable	9	316	504
Pension cost less contributions payable	33	(47)	(246)
Decrease in stocks	14	11	19
Increase in debtors	17	723	(2,896)
(Decrease) / increase in creditors	19	(979)	3,413
Increase / (decrease) in provisions	22	22	(234)
Interest receivable	6	(16)	(31)
Exceptional reversal of impairment	8	-	(210)
<b>Net cash (outflow) / inflow from operating activities</b>		<b><u>(2,439)</u></b>	<b><u>3,354</u></b>

### 28 Returns on investments and servicing of finance

		2013 £000	2012 £000
Other interest received	6	16	31
Interest paid		(31)	-
<b>Total</b>		<b><u>(15)</u></b>	<b><u>31</u></b>

### 29 Capital expenditure and financial investment

		2013 £000	2012 £000
Purchase of tangible fixed assets		(3,380)	(2,207)
Deferred capital grants received	23	76	96
<b>Net cash outflow from capital expenditure and financial investment</b>		<b><u>(3,304)</u></b>	<b><u>(2,111)</u></b>

### 30 Management of liquid resources

		2013 £000	2012 £000
Sale of investments		-	-
Withdrawals from deposits		(2,180)	(700)
Impairment of deposits		-	-
Purchase of investments		-	-
Placing of deposits		-	-
<b>Net cash outflow from management of liquid resources</b>		<b><u>(2,180)</u></b>	<b><u>(700)</u></b>

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 31 Financing

	Note	2013 £000	2012 £000
Debt due beyond a year:			
Capital element of finance lease rental payments		(170)	(819)
<b>Net cash outflow from financing</b>		<u>(170)</u>	<u>(819)</u>

### 32 Analysis of changes in net funds

		At 1 August 2012 £000	Cash flows £000	Other changes £000	At 31 July 2013 £000
Cash at bank and in hand		4,108	(3,437)	-	671
Endowment asset investments	16	18	-	-	18
Bank overdrafts		-	(1,235)	-	(1,235)
<b>Total</b>		<u>4,126</u>	<u>(4,672)</u>	<u>-</u>	<u>(546)</u>
Debt due within 1 year		(170)	(50)	-	(220)
Debt due after 1 year		(430)	220	-	(210)
Current asset investments		3,370	(2,180)	-	1,190
<b>Total</b>		<u>6,896</u>	<u>(6,682)</u>	<u>-</u>	<u>214</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 £3,079,000 (2012 - £2,594,000). The expected costs for 2013/14 for the LGPS are £264,000 finance charge and £1,483,000 contributions.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### The Teachers' Pension Budgeting And Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

##### Valuation Of The Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 33 Pension and similar obligations (University) (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

#### **Scheme Changes**

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

#### **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 £238,000 (2012: £256,000).

## 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 2013 by a qualified independent actuary.

	At 31 July 2013	At 31 July 2012	At 31 July 2011
Rate of increase in salaries	3.90%	3.60%	4.40%
Rate of increase for pensions in payment/inflation	2.40%	2.10%	2.90%
Discount rate for liabilities	4.50%	4.30%	5.30%

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 2013	At 31 July 2012
- of a male (female) future pensioner aged 65 in 20 years' time	24.1 years (26.8 years)	24 years (26.7 years)
- of male (female) current pensioner aged 65	22.2 years (24.8 years)	22.2 years (24.7 years)

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

	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013 £000	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
Equities	7.0%	12,951	7.0%	10,122	7.0%	9,084
Government Bonds	3.3%	-	2.5%	-	0.0%	-
Other Bonds	4.3%	4,208	3.4%	4,240	4.9%	3,347
Property	5.7%	2,252	6.0%	2,777	6.0%	1,411
Cash	0.5%	682	0.5%	353	0.5%	979
Other	7.0%	9,542	7.0%	7,749	7.0%	7,945
<b>Total market value of assets</b>		<b>29,635</b>		<b>25,241</b>		<b>22,766</b>
Present value of scheme liabilities		(43,848)		(39,569)		(34,263)
Related deferred tax liability		-		-		-
<b>Deficit in the scheme</b>		<b>(14,213)</b>		<b>(14,328)</b>		<b>(11,497)</b>
					2013 £000	2012 £000

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

Current service cost	(1,493)	(1,294)
Curtailments	(2)	(22)
<b>Total operating charge recognised in staff costs</b>	<b>(1,495)</b>	<b>(1,316)</b>

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

Expected return on pension scheme assets	1,454	1,354
Interest on pension liabilities	(1,739)	(1,858)
<b>Pension finance costs</b>	<b>(285)</b>	<b>(504)</b>

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

Actual return less expected return on pension scheme assets	1,151	(699)
Experience gains and losses arising on the scheme liabilities	(798)	(1,876)
Past service cost gain	-	-
<b>Actuarial gain / (loss) recognised in STRGL</b>	<b>353</b>	<b>(2,575)</b>

#### Movement in deficit during year

Deficit in scheme at 1 August	(14,328)	(11,497)
Movement in year:		
Current employer service charge	(1,493)	(1,294)
Employer Contributions	1,542	1,564
Curtailments	(2)	(22)
Net interest / return on assets	(285)	(504)
Actuarial gain or loss	353	(2,575)
<b>Deficit in scheme at 31 July</b>	<b>(14,213)</b>	<b>(14,328)</b>

**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**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	39,569	34,263
Current service cost	1,493	1,294
Interest cost	1,739	1,858
Contributions by scheme participants	527	515
Actuarial gains and losses	798	1,876
Benefits paid	(280)	(259)
Curtailments	2	22
At end of year	<u><u>43,848</u></u>	<u><u>39,569</u></u>

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	25,241	22,766
Expected rate of return on scheme assets	1,454	1,354
Actuarial gains and losses	1,151	(699)
Contributions by employer	1,542	1,564
Contributions by scheme participants	527	515
Benefits paid	(280)	(259)
At end of year	<u><u>29,635</u></u>	<u><u>25,241</u></u>

**History of experience gains and losses**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Actual return on scheme assets	2,606	656	2,194	2,623	(2,048)
Difference between the expected and actual return on assets	1,151	(699)	917	1,564	(3,149)
Experience gains and losses on scheme liabilities	798	(1,876)	(1,761)	(1,737)	2,640
Present value of the scheme liabilities	(43,848)	(39,569)	(34,263)	(29,594)	(26,809)
Present value of the scheme assets	29,635	25,241	22,766	19,219	15,806
Deficit	<u><u>(14,213)</u></u>	<u><u>(14,328)</u></u>	<u><u>(11,497)</u></u>	<u><u>(10,375)</u></u>	<u><u>(11,003)</u></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 & University	
	2013	2012
	£000	£000
Commitments contracted for at 31 July		
St Asaph building	-	1,920
IRP1600 polishing machine	-	1,500
<b>Total</b>	<b>-</b>	<b>3,420</b>

### 35 Contingent liability

The University are standing as guarantor for the Royal Bank of Scotland in respect of a €5 million 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 2014. These monies may become payable if the contract is not completed successfully in the allotted timescale.

Since March 2012, Glyndŵr London Limited has been involved in a dispute with the previous owners of that company arising from an agreement for services. The value of the claim being put forward is £3.8 million plus costs. Glyndŵr London Limited has put forward a counterclaim totalling £3.9 million. The claim is in its early stages and insufficient evidence has been provided to reach an accurate conclusion on its value and liability. The Board of Governors are currently of the view that the claim is without merit and hence no provision has been recognised in these financial statements. In any event, even if the claim were successful on current values, it is more probable than not that the counterclaim will extinguish the former owners' claim.

## NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

### 36 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. All members of the Board of Governors and senior post holders are required annually to declare any interests and disclose all related party transactions, where appropriate. No transactions have taken place in year.

### 37 Access and disability grants

<b>Access Funds</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Balance unspent as at 1st August	223,770	217,809
Income - Funding Body	172,350	143,466
Income - Interest earned	141	132
	<u>396,261</u>	<u>361,407</u>
Disbursed to students	(181,217)	(137,473)
Audit fees	(138)	(164)
Balance unspent as at 31 July	<u><u>214,906</u></u>	<u><u>223,770</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.

### 38 Post balance sheet events

There are no post balance sheet events.