

GLYNDŴR UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2015

Registered Charity number: 1142048

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Foreword

This year was one of the most exciting in the University's history. I am delighted that following the retirement of Professor Michael Scott as Vice-Chancellor, we were able to appoint Professor Graham Upton as Interim Vice-Chancellor supported by a new senior team.

One of the first actions of the new team was to produce a new strategic framework which sets out clearly how the University intends to develop over the next five years while maintaining the distinctive characteristics of Glyndŵr University, such as its commitment to widening participation and to serving the local community.

The strategic framework sets out the University's plan for the next five years which includes a return to financial stability, an ambitious but achievable growth in student numbers and a measured increase in research activities. Behind the plan is a commitment to ensuring that the University meets the needs of the community of North East Wales. As a consequence we are engaging more fully with businesses, colleges, schools, employers and other stakeholders to ensure that we listen and respond to what they want from a university.

This annual report contains a small selection of the many success stories emanating from the University. These include our students winning national and international prizes, in some cases beating a number of the more well-established universities such as Cambridge and Manchester. There are also reports of staff successes demonstrating the University's position within the world-wide academic community. These include the involvement of one of our professors in a project on composite materials in collaboration with Boeing. These stories are just a small part of the continuing development of Glyndŵr University. Further details of all these stories can be found on our website.

I hope you enjoy reading of the University's achievements over the year and that you continue to support the University in its crucial role in the social and economic development of the region.

Sir Jon Shortridge

Chancellor / Chair of Governors
Glyndŵr University

Welcome from the Vice-Chancellor

The academic year 2014-15 was one of significant change across the University. A new senior team took up post and with them a new strategic framework was agreed. The framework retains many of the essential characteristics of Glyndŵr University, such as championing the role of widening participation within the higher education sector and developing links with industrial and professional partners. It supplements these, however, by a series of targets aimed at strengthening the role of the University in the local community and ensuring that our students are more fully equipped to meet the challenges of the workplace. Innovative developments such as the introduction of an element of relevant accredited work placements in all programmes will help to achieve this.

Alongside this new strategic direction was a new financial sustainability. Reforms to the financial management of the University and budgeting controls laid the foundations for the University's financial recovery. These allowed the University to produce an operating surplus of £0.2m in the financial year in question and a forecast surplus of £1.7 million for the year 2015-16.

The prospects of recovery were enhanced by another good year of recruitment. The University retained its important local market while at the same time recruiting students from further afield in the UK and across Europe. This was helped by the development of the "kick-start" programmes offering students an alternative route into honours degrees for those who may require further support in advance of commencing their degree level studies.

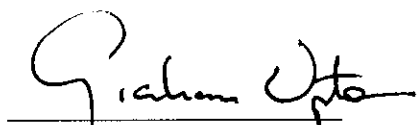
The University regained its Highly Trusted Status as a sponsor of international students with the Home Office. This prompted the University to develop a new international strategy. As part of that strategy the University moved out of its Elephant and Castle campus on to a new site in Kingston-upon-Thames. The emphasis of the work in London is to allow students already enrolled to complete their studies.

The Research Excellence Framework for 2014 produced some positive results for the University with some of its research in communications, cultural and media studies being judged world leading while over 90% of the University's research in electrical engineering, materials and computer science was found to be of international significance.

On undergraduate programmes the University increased its overall student satisfaction score in the National Student Survey. Some programme areas performed exceptionally well achieving 100% student satisfaction. The NSS results provide the University with a useful source of information on students' perceptions of their programmes and as such informs the University's plans for the future. Other excellent statistics produced during the year show the University continues to have the highest spend per student in Wales, the highest average graduate starting salary in Wales after Cardiff University and the highest proportion of mature students in Wales¹.

Professor Graham Upton DL

Vice-Chancellor and Chief Executive
Glyndŵr University



¹ Source: Sunday Times Good University Guide 2016

University highlights in brief

New technology boosts learning experience

Innovative new technology and modern facilities have further enhanced the student experience at Glyndŵr University as it rolled out state-of-the-art learning resources at its Wrexham campuses. These included a revamp of the University's Regent Street building, home of North Wales School of Art and Design with the creation of an IT suite complete with exhibition space, a careers office and enhanced library provision.

Other changes included new computers, an improved student information desk (SID) in the Edward Llwyd Building and break out rooms across the University.

A new psychology laboratory features psychometric and physiological testing equipment which allows students to see the practical implications of their learning. Technology includes psycho-physiological testing equipment; a CANTAB tablet for performing neuropsychological cognitive testings; an Actiwatch gathering data on sleep; an EPOC wireless headset for measuring brainwaves; and a Biopac machine for obtaining bio-physiological data for use in cardiac and respiratory output.

Director of Operations Lynda Powell saw the developments as part of the University's determination to update facilities continuously and listen to the students' voice.

Technology company makes £500k of equipment available to Glyndŵr University students

Students at Glyndŵr University now have access to some of the world's most advanced technology at a state-of-the-art scientific facility. Nu Instruments Ltd in Wrexham has made more than £500,000 of equipment available to Glyndŵr University in a bid to forge closer links with the engineering and forensic departments.

The company is one of only two organisations in the world designing and constructing high performance inorganic magnetic sector mass spectrometers and accessories which are installed and used in universities, industry and research laboratories around the globe.

CEO Alan McCall is a Glyndŵr alumnus and was recently presented with an Honorary Fellowship by the University. Under his leadership the company soared to almost £20million revenue in 2014, which is why Alan wanted Glyndŵr University to capitalise on this opportunity and give its students a head start on other graduates when the time comes to enter the work arena. He said "I want us to use this technology and work together, for the students more than anything. I am a big champion of the local area and our local university, and I want to see the next generation of engineers and scientists come out of Glyndŵr with the skill, knowledge and competence to do great things, whatever industry they find themselves in. The community is very important to me, and the core values I have, as well as the values I found while studying at Glyndŵr, really make me want to work with the university."

Nu Instruments already has a relationship with Glyndŵr; the firm sponsors two industry prizes at the annual graduation ceremonies and has growing ties with the chemistry and forensics programmes.

Alan left the institution with a First class degree in Business IT in 2003, and lauded his former lecturers for inspiring him to achieve further success as a member of the technology giant. "My experience at Glyndŵr University was a very positive one, so of course I want to give something back," said Alan.

University opens first forensic 'body farm' in Wales

Forensic scientists at Glyndŵr University have created a 'body farm' to explore the ways in which animal remains decompose. This facility is the first of its kind in Wales. Led by Dr Chris Rogers, students on the BSc (Hons) Forensic Science course will monitor corpses and measure how they decay in different settings and temperatures. Dr Rogers confirmed that it will provide the university with ground-breaking research that could provide value to organisations, including the police and embalmers.

The group will be using pig carcasses but their findings will be comparable with those of human remains. The bodies are placed in a variety of areas; some will be buried in shallow graves, inside bags or hung up, and then left to rot while being monitored for decay. The researchers then let nature take its course, gathering vital clues from insects, the decaying bones and odours.

Professor developing new technology for greener aircraft

A Glyndŵr University professor is developing new microwave technology that will drastically reduce the time taken to manufacture parts for aircraft.

Richard Day, Professor of Composites Engineering, has been awarded a prestigious EPSRC High Value Manufacturing Catapult Fellowship to work with the University of Sheffield's Advanced Manufacturing Research Centre (AMRC) and the National Composites Centre in Bristol (NCC). They will explore microwave technology designed to cut energy consumption and greenhouse gas emissions when building parts for the aerospace sector.

Professor Day, who is an expert on the rapid manufacturing of composites, critical for the next generation of aircraft, helped set up Glyndŵr University's Advanced Composites Training and Development Centre with Airbus in Broughton, Flintshire.

He will work closely with both the AMRC and NCC to develop microwave ovens as an alternative to conventional technology, using autoclaves – ovens that heat components under pressure. Researchers have been using microwaves to cure composites for some years, but have yet to develop robust processes that could be used by industry to make geometrically complex parts, as opposed to flat panels.

"I am delighted to be awarded this fellowship which will allow me to be embedded in two prestigious research centres and to take the results of my research from the laboratory into production," said Professor Day.

The four-year research programme will explore and overcome manufacturing problems associated with microwave curing, before going on to make complex components, identical to those used in aeroplanes.

"We have a number of plans for developing the microwave curing of composites over the next four years, taking it from the laboratory and turning it into a robust industrial process," said Professor Day. "It takes a long time to cure composites by conventional means and using microwaves significantly increases the speed.

"The use of composites by the aerospace industry, in particular, is going from strength to strength. More than 50% of some aeroplanes are now composite and that has put pressure on the supply chain all of a sudden."

Student highlights in brief

History graduate, Tracey Lavery, landed her "dream job" as curator at Erddig Country Park in Wrexham, one of Wales' most popular landmarks, after leaving Glyndŵr University with a First class degree. She had undertaken a work placement as part of the programme and had subsequently volunteered there.

Kelton Evans, a graduate in Broadcasting, Journalism and Media Communications, joined the North Wales Crusaders rugby league side as coordinator of the Fear Nothing Foundation. This aims to improve the social, economic and health and wellbeing of North East Wales through a variety of projects including street rugby, anti-bullying campaigns and partnerships with businesses and organisations across the region.

Yvie Johnson, a student on the BA (Hons) Illustration, Graphic Novels and Children's Publishing programme, undertook a project to tell the stories of coffee houses and the coffee drinking culture across North Wales. The result will be a high quality publication outlining many of the memorable experiences the public have enjoyed in the region's coffee houses.

Glyndŵr University students came second in a UK-wide product development competition among Business Schools held at Lancaster University. They had been asked to create an item of wearable technology with a medical application and were given 24 hours to come up with a product, pitch and business case; beating Bangor, Lancaster and Bolton universities in the process.

Students Nadine Isaacs and Natasha Berry on the BA Hospitality, Tourism and Event Management programme contributed to the development of Wrexham's Destination Management Partnership looking at the future of tourism in North East Wales.

Daniel Biggs studying on the BEng (Hons) Industrial Engineering programme was named as one of the best apprentices in the UK at a national engineering awards ceremony. The apprentice at JCB Transmissions, won the Outstanding Performance by a Final Year Apprentice Award at the EEF/Aldermore Future Manufacturing Awards. He was commended for his ability to lead and manage project teams and making a tremendous impact within his company. Daniel was also named Manufacturing Student of the Year in a special separate award given to an exemplar student who represents the new generation of engineers.

Students on the BEng (Hons) Performance Car Technology degree were part of a winning motor racing partnership, claiming the Best Track Car Award at an annual race meeting in Lincolnshire, and finished second in their class at Norfolk's Snetterton 200 Circuit.

Students on the Aeronautical Engineering programme won a prestigious aircraft design contest alongside one of the top research universities in America, beating teams from Swansea, Manchester, Sheffield Hallam and Cambridge universities. The competition challenged students to design their own aircraft using a flight simulator. The five-strong team, all employees at the Airbus factory in Broughton, constructed a virtual model of a glider which was tested by a professional test pilot.

PhD student and master craftsman David Bisson launched the Mold Contemporary Arts Fair with a strong international flavour. He was joined by alumni Jenni Steele and David Brightmore, who are forging successful careers in the creative industries.

Ivana Milchanska, a student on the BA Illustration programme, was shortlisted for The Irish Times' Amateur Photographer of the Year Awards 2015 for her scene, the Artist's Life. Ivana, who had

previously studied at the National Academy of Arts, Sofia in Bulgaria was the only finalist not from Ireland.

2014 BEng Aeronautical Engineering graduate Devon Sumner won the Higher Apprentice of the Year award for Wales, and the 2014 Royal Aeronautical Society (RAS) Final Year Undergraduate Prize. These came after a successful time at the University where she won the Ede and Ravenscroft Prize. She is now a project leader on the A380 programme team at the Airbus plant in Broughton.

Governors and Trustees of the University

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

Independent Governors

Sir Jon Shortridge (Chair)
Mr Derek Griffin (Vice-Chair)
Mrs Colette Bleakley
Mr Mervyn Cousins
Ms Julia Grime
Mr Graham Hillier
Mr David Howard (until 30th May 2015)
Mrs Celia Jenkins (since 1st May 2015)
Mr Bruce Roberts
Mr Ian Morris OBE (since 10th December 2014)
Professor Norman Sharp OBE
Mr Vincent Ryan (until 31st August 2014)
Mr Ian Williams (until 31st August 2014)

Co-opted member with experience of education

Mr John Kenworthy

Vice-Chancellor

Professor Michael Scott (until 31st March 2015)²
Professor Graham Upton (Interim since 5th February 2015)

Academic Board nominee

Mr Phil Storrow (since 10th July 2015)

Academic staff elected governor

Mrs Kate Wagner

Operational staff elected governor

Mrs Karen Lennox (until 30th September 2014)
Mrs Joanne Corless (since 1st December 2014)

Student Governors

Ms Penny Anderson (until 30th June 2015)
Mr Marc Caldecott
Mrs Emily Karim (since 1st July 2015)

The Clerk to the Board of Governors

Mrs Val Butterworth

² The Board of Governors engaged Professor Upton to start prior to the end of the former Vice-Chancellor's employment due to the latter having taken sabbatical leave between 01/01/15 and 31/03/15

Since the year end the following changes to the Board of Governors have occurred:

Members who have completed their term of office or resigned:

Mr Graham Hillier

Mrs Kate Wagner

New members who have been appointed:

Mr Neil Ashbridge

Ms Rebecca Maxwell

Mrs Maxine Penlington

Mr Tim Mitchell (co-opted member of the Audit Committee)

Mr Paul McGrady (co-opted member of the Audit Committee)

The University

The University's origins can be traced back to 1887 when the Wrexham School of Science and Art first began delivering education and it began offering degrees from the University of London in 1892.

There were several name changes before, in 2008, the North East Wales Institute of Higher Education became Glyndŵr University, making it one of the youngest universities in the UK. Named after the Welsh scholar and hero Owain Glyndŵr, the University has since established itself as a distinctive and innovative regionally-based university.

Glyndŵr University delivers higher education to the people of North East Wales, thus playing a crucial role in the social, economic and cultural life of the region.

The University works closely with local employers to ensure that they have access to a suitably skilled and qualified workforce as well as providing research and development services in specialised areas.

Key partnerships with industry heavyweights including Carillion, UPM Shotton and Toyota reinforce a new operational and academic structure aimed at strengthening the student experience and commercial ties.

Glyndŵr University is widely recognised as one of the UK's leading universities for supporting students from lower socio-economic backgrounds.

Welsh domiciled students continue to form an important part of the University's student population. A significant number of these are Welsh speaking and the University reaffirms its commitment to develop further the programmes and support provided to students who wish to undertake their studies wholly or partly through the medium of Welsh and will be working with Y Coleg Cymraeg Cenedlaethol to achieve this. The University is also committed to meeting its obligations under its Welsh language scheme and the proposed Welsh language Standards.

Recruitment from elsewhere in the UK has also increased, as has recruitment from other EU member states.

The vast majority of these students come to the University's principal campus in Wrexham, although it also operates out of sites in St Asaph, Northop and Broughton. The University has moved out of its Elephant and Castle campus and its London operations are now concentrated on a new site in Kingston-upon-Thames.

Charity information

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

Registered Office

Mold Road
Wrexham LL11 2AW

Bankers

National Westminster Bank plc.
33 Lord Street
Wrexham LL11 1LP

External Auditors

KPMG LLP
1 Sovereign Square
Leeds LS1 4DA

Internal Auditors

RSM LLP
Festival Way
Festival Park
Stoke-on-Trent ST1 5BB

Charitable status and public benefit

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

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

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

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

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

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

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

Public benefit

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

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

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

Some 46.2% of Glyndŵr's first year full-time undergraduate UK students are from social classes 4, 5, 6 and 7. The University is also active in the Communities First areas.

25.6% of the University's young full-time undergraduate entrants are from Low Participation Neighbourhoods.

98.2% of the University's students are from state schools. The University has also one of the highest proportions of mature students of any university in the UK.

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

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

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

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

A new programme of art exhibitions at the University's Sycharth Gallery has attracted considerable attention within the community and included a collaboration with Wrexham Methodist Church featuring an exhibition of the Methodist Modern Art Collection.

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, and the University has established a University Court providing a further forum for engagement with stakeholders.

The University works with the voluntary sector and in particular with AVOW (Association of Voluntary Organisation in Wrexham). This includes extensive use by the voluntary sector of the University's facilities and collaboration on a number of projects. Representatives of AVOW are members of the University Court.

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

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

Widening access and admissions

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

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

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

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

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

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

Student support

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

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

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

Tuition and financial policies were introduced to support access to and affordability of participating in Higher Education for the people of Wales. A differentiated fee scheme was introduced with the approval of the Board of Governors. This means that the fees charged depend on the programme followed. Bachelor's degrees in STEM subjects for example are charged at a higher rate than fees for non-STEM subjects. In addition a range of scholarships and bursaries are made available to many students.

Glyndŵr University has several bursaries and scholarships it has awarded to assist gifted students.

In line with the Frank Buttle Trust accreditation, a care leaver scholarship is offered of £1,000 per year of study to qualifying care leavers. The Disabled Students' Allowance (DSA) helps with costs incurred as a direct result of a student's disability. In 2014/15, 769 undergraduate students were in receipt of the DSA.

A Financial Contingency Fund is also in place to provide financial help to students who face difficulties in meeting their living costs. There were 163 awards made from this fund in 2014/15. In addition the University administers a charitable trust fund from Thomas Howell's Educational Trust which is available to eligible first year students. In 2014/15 the University had 101 successful applications.

Engagement with schools and the community

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

Increasing numbers of schoolteachers are engaging with the University, becoming actively involved and aware of the particular role that staff from the University can provide, including the delivery of special classes and involvement in projects and research. Introductory sessions to Higher Education are arranged in both English and Welsh and delivered to schools in both languages.

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

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

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

Research

As a community-based university, Glyndŵr University is focused on the economic and social development of its region; that ethos is reflected in its research as much as in its learning and teaching.

The University's research is predominantly applied in nature, designed to produce benefits directly and indirectly for the economy and for society.

Conclusion

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

The University's Board of Governors as trustees of the University have complied with the duty in section 17 of the Charities Act 2011 having had due regard to the Charity Commission's public benefit guidance.

Report of the Board of Governors

In January 2015 the Board of Governors brought in a new interim leadership and management team, led by Professor Graham Upton as interim Vice-Chancellor. Under Professor Upton's guidance the leadership team has been tackling the various challenges the University faced and placing Glyndŵr University back on a firm upward trajectory.

The University is now ready to move forward with a clear strategic mission and vision as the University of, and for, North East Wales. Our future will be anchored in delivering inspirational learning to a growing number of students. We will do this with a strong emphasis on partnership, being open to innovation, challenge and ideas.

We know that we must play a major leadership role in improving the links between all those with an interest in higher education in the region, not limiting our activity to those partners already engaged.

We recognise that others, such as industrial and commercial organisations and social enterprises, as well as further and higher education partners, present major opportunities for helping us realise our joint goals.

Working with others will help bring us closer to addressing key skills gaps in North East Wales, dealing with factors that continue to act as a barrier to participation in higher learning, and to building innovation that drives growth and development.

Our strategy and vision for 2015 -2020 therefore is built on partnerships – with students and staff, in education, in innovation and applied research.

We are committed to building an academically vibrant and financially sustainable university for North East Wales that meets the needs of future generations of students, underpins regional economic success and is a positive platform for profiling the region in the wider world.

An Introduction to the Strategic Framework

The Strategic Framework for the period 2015 – 2020 has been developed with the Board of Governors, Staff and Students as a working document that sets out the ambition of the University and will guide development over the next few years.

The University Strategic Framework is underpinned by supporting implementation plans which set out in greater detail the delivery of the commitments and actions outlined in the Framework.

The University's mission is to work in partnership to inspire and educate our students and enable social and economic success.

The Vision encompasses seven commitments that are carried into the main body of the Framework and supported by actions.

We will be the university of, and for, North East Wales, by:

- 1 Creating an academic community which welcomes learners from all backgrounds, places students at the heart of what we do and equips them for life, for work and for success;

- 2 Working in partnership with learners to understand their needs and drawing upon the creativity, knowledge and commitment of our staff to create excellent learning environments that support students to successful academic outcomes;
- 3 Playing a key role in the economic development of the region, driving growth in the Welsh economy and that of the UK more generally;
- 4 Building mutually beneficial relationships with partner universities and further education colleges to meet regional needs, support our development and meet shared goals;
- 5 Working together with business, industry and the wider communities we serve, to support greater innovation and growth and enhance student employability;
- 6 Engaging in academic scholarship & research to develop the subjects we teach and to drive innovation and best practice in partnership with business and industry, the public, voluntary and creative sectors;
- 7 Operating in a professional and accessible manner and embedding sustainability, resilience and best practices into our work.

We will engender the confidence, academic vitality and financial sustainability in Glyndŵr University that underpins regional economic success and meets the needs of future generations of students.

Principal risks and uncertainties

Significant risks to the University are regularly assessed with reference to a risk register agreed by the University's Risk Management Advisory Group and the Board of Governors through its Audit Committee. The University also undertakes extensive horizon scanning activities.

The University has embedded risk management procedures within its culture, enabling it to respond to new threats and opportunities and to the potential impact of a number of major risks.

The University's exposure to risk has been reduced considerably over the year as its financial position has improved, the University has enjoyed another year of excellent student recruitment and has seen a marked improvement in its NSS scores.

However, the intensely competitive nature of higher education in Wales today still poses a considerable risk to the University. Linked to that risk is the impact of the changes in student expectations following the transformation of the student fee regime and the impact poor recruitment would have on the University.

Competition

The impact of the increase in competition is mitigated by a number of actions and controls. In particular the University has successfully developed new markets both geographically and in terms of the University's offer, including the range of programmes. One particular success has been the development of the kick-start programmes, offering students an alternative route into honours degrees for those who may require further support in advance of commencing their degree level studies, have provided very successful.

The University attempts to ensure that it is able to respond in a timely manner to changes in student expectations through the maintenance of formal and informal channels of communication between students and staff. These include the use of Staff Student Consultative Committees and the inclusion of Students' Guild representatives in all principal committees and forums of the University.

Research

As the ESO contract draws to a conclusion the University has to make a number of difficult decisions regarding the University's research capacity. The specialised expertise is expensive to maintain. However it is also an essential element in realising the University's aim of obtaining its own research degree awarding powers.

On another project, controls are in place to mitigate the risk including the transfer of the management (and thereby the financial liability) of the project to another university while maintaining some research input by Glyndwr University's own staff.

Other developments include the investigation of commercial partners for existing projects and the diversification of the principal research facility in St Asaph.

Financial Review

Return to operating surplus

The University has seen a turnaround in its financial performance in 2014/15. It has achieved an operating surplus of £0.2m and has ended the year with more than £0.7m of cash.

During the past year there has been a drive to support those areas of business activity that met all aspects of the University's mission and vision but also to divest itself from some activities that represented higher risk aspects of the operation. The University will continue to review, monitor and divest higher risk operations in the coming years.

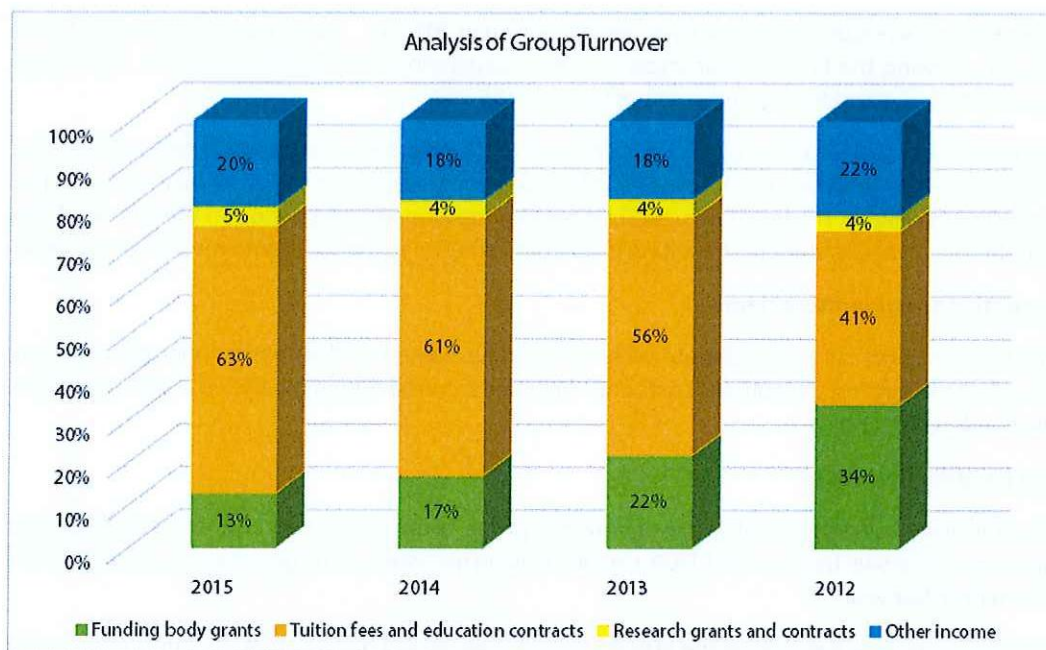
Historical income & expenditure profile

£000s	2015	2014	2013	2012
Total academic income	33,888	39,807	35,943	37,767
Total non-academic income	8,507	8,988	7,941	10,560
Total gross income	42,395	48,795	43,884	48,327
Total pay costs	(24,750)	(27,235)	(26,992)	(25,800)
Total non pay costs	(17,420)	(21,755)	(20,729)	(20,937)
Total expenditure	(42,170)	(48,990)	(47,721)	(46,737)
Operating surplus / (deficit)	225	(195)	(3,837)	1,590
Exceptional costs	(1,760)	(3,848)	(117)	(358)
Net surplus / (deficit)	(1,535)	(4,043)	(3,954)	1,232
Historical cost adjustments	837	549	581	446
Historical cost (deficit) / surplus	(698)	(3,494)	(3,373)	1,678

Financial key performance indicators

	2015	2014	2013	2012
Total income	42,395	48,795	43,884	48,327
Historical cost surplus / (deficit) as a % of total income	(1.6)%	(7.2)%	(7.7)%	3.5%
Cash balance (£000s)	704	486	671	4,108
Staff costs as a % of gross income	58.4%	55.8%	61.5%	53.4%

Income levels diversify



Total group income decreased by 13% to £42.4m in 2014/2015. This was driven by the divestment process, including the scaling back of the operations in London.

The University's main source of revenue continues to be derived from tuition fees and education contracts which grew from 61% to 63% of total group income in 2014/15. There was a direct correlation in the reduction of funding body grants which fell from 17% to 13%.

Student numbers solid

Overall student numbers reduced from 2013/14 levels, largely attributable to enrolment at the London campus, with full-time international enrolments reduced from 2,509 in 2013/14 to 1,255 in 2014/15.

First degree UK enrolment levels were stable at c.2500 and EU non-UK enrolments were comparable also at c.230. Enrolments to foundation year programmes were 224 in 2014/15 and such enrolments will support future sustainable growth because of the extended length of programme and full-time foundation degree enrolments were 180.

In terms of full-time postgraduate (taught), enrolments numbers stood at 87 full-time postgraduate taught UK/EU enrolments in 2014/15.

Part-time enrolments were reduced overall, from 4,229 to 3,617. Part of this reduction is attributable to lower part-time International enrolments to short English language courses (reduced by 354), but there were also reductions to EU HEFCW-fundable part-time enrolments. This had a negative impact on HEFCW funded credits, as did a corresponding shortfall in franchised out provision delivered through regional further education partners.

Operating expenditure contained

Operating expenditure decreased by £6.8m to £42.2m in 2014/15. Staff costs reduced by £2.5m to £24.8m showing the first full-year impact of the restructuring undertaken in 2013/14. Staff costs represented 58.4% of total group revenue (2013/14: 55.8%).

Non-staff costs have reduced by £3.5m in the year (excluding depreciation and interest costs), this decrease reflects the lower level of activity in the current year following the divestment process. The impact of the Highly Trusted Status (HTS) suspension continued to impact upon the recoverability of debt from overseas students (resulting in an uplift of £0.3m to the bad debt provision in the year).

Exceptional expenditure items

The University has settled its dispute with the previous owners of the London operation and has relocated to Kingston. Exceptional costs of £1.7m were incurred during the financial year relating to the London operation.

Net Liquidity improves

The University has disposed of £1.1m of non-core property during the year and the overall pension provision has grown by £3.2m to £19.8m in total leaving net assets of the group worth £32.0m, down £5.2m from last year.

Significant progress has been made in reducing the core level of trade debtors throughout the year and cost containment has meant that creditors have also reduced. This is evidenced by the improved net liquidity of the University and its better than expected cash position.

The closing cash position was £0.7m at 31 July 2015 (compared to a budgeted negative position of £(0.7)m). This position reflects the University's continued focus on monitoring cash receipts through improved credit control procedures along with contained and focused expenditure.

Financial outlook is positive

The University is an important economic driver of success for the Welsh Economy and supports regional and national skills development. It has in recent times experienced financial challenges but with the support of its key stakeholders, it has been able to re-establish itself with a return to operating surplus. The development of a new strategic framework will see it return to sustained financial health and continue on its important mission.

The key financial objectives of the new strategic framework are to:

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

The University has returned to an operating surplus position in 2014/15 and the start of the new academic year's student recruitment and financial performance indicates a continued upward trajectory towards a sustainable future.

Statement on corporate governance and internal control

Corporate governance statement

Glyndŵr University is committed to demonstrating best practice in all aspects of corporate governance.

The University has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies, the standards in public life enunciated by the Nolan Committee, the UK Corporate Governance Code as it applies to Higher Education, and the Committee of University Chairs Governance Code of Practice (2009). The latter was superseded by the Higher Education Code of Governance in December 2014.

The Higher Education Code of Governance is voluntary and is intended to reflect good practice in the Higher Education sector. During 2014/15 the Board of Governors has had regard to the Governance Code of Practice (2009) but its practice has not been consistent in that the Board does not currently publish the institution's performance against its Key Performance Indicators. It does however record its consideration of KPI's in its minutes which are made publically available.

The Higher Education Code of Governance was published in December 2014 and following a review of the new Code the Board of Governors determined that the University's practice was consistent with the Code, but nevertheless mapped its current practice to identify areas for further development of its governance processes. Actions arising out of the mapping against the new Code will be taken forward during 2015/16.

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

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

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

The Board of Governors has adopted a statement of primary responsibilities, which is published on the University's website. This statement sets out the Board's responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety and the appointment of the University Officers.

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

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

The Strategy and Finance Committee recommends the University's annual budgets to the Board of Governors and monitors performance in relation to the approved budgets. The Nominations

Committee makes recommendations to the Board of Governors in respect of the appointment of governors in accordance with the Instrument and Articles of Government. During 2014/15 recommendations for four new independent governors were made and approved by the Board.

The Human Resources Committee monitors health and safety and equality and diversity matters and also meets as the Remuneration Committee annually to determine the remuneration of senior post-holders including the Vice-Chancellor and provides a report to the Board on its decisions. During 2014/15 the HR Committee did not meet as a remuneration meeting due largely to the fact that an interim management team has been in place.

The Audit Committee meets at least three times a year, with internal and external auditors in attendance. This Committee includes two independent co-opted members from the public and private sector who are not members of the Board of Governors who provide externality to the Committee's deliberations. The Board approved the appointment of two new co-opted members of the Audit Committee at the end of 2014/15, therefore increasing the co-opted membership to three for future years. The University's senior managers attend meetings of the Audit Committee as necessary but are not members of it.

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

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

A strategic corporate risk register has been in place all year up to 31 July 2015 designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

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

In order to ensure the effectiveness of the system of internal control, in addition to the Audit Committee meeting at regular intervals, the Board of Governors receives the minutes and a report from the Chair of the Audit Committee at each Board meeting which includes steps being taken by the University to manage risks. The Board of Governors is asked to approve the Risk Management Policy upon the recommendation of the Audit Committee annually and has agreed to review the University's risk appetite during 2015/16.

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

The Board of Governors' review of the effectiveness of the system of internal control is also informed by the work of the senior management within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter.

Internal control

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

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

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

Going Concern

The Board of Governors has considered the detailed financial forecasts and cash demands of the University and group for the foreseeable future. Taking account of these, it has agreed with HEFCW that it can continue to use its assets as security for an overdraft facility which the University's bank has agreed. This facility will allow the University to meet its peak forecast funding requirement.

For this reason the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparation of the financial statements.

Statement of responsibilities of the Board of Governors

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

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

In 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 Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial 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;
- secure the economical, efficient and effective management of the University's resources and expenditure.

Independent auditor's report

We have audited the group and University financial statements (the "financial statements") of Glyndŵr University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the statement of responsibilities of the Board of Governors set out on page 25, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCW's *Accounts direction to higher education institutions for 2014-15 financial statements*.

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCW's *Accounts direction to higher education institutions for 2014-15* have been met.

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

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Financial accounts

Statement of principal accounting policies

Basis of preparation

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

The Board of Governors has considered the detailed financial forecasts and cash demands of the University and group for the foreseeable future. Taking account of these, it has agreed with HEFCW that it can continue to use its assets as security for an overdraft facility which the University's bank has agreed. This facility will allow the University to meet its peak forecast funding requirements.

For this reason the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparation of the financial statements.

Basis of consolidation

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

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

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

Recognition of income

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

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

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

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

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

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

Agency arrangements

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

Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Finance leases, which substantially transfer all the benefits and risk of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases.

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

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

Taxation

The University is an excepted charity within the meaning of Schedule 2 of the Charities Act 2011 and as such is a charity within the meaning of the Section 506(1) of the Income & Corporation Taxes Act

1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income & Corporation Taxes Act 1988 or Section 256 of the Taxation of Charitable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

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

Intangible fixed assets

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

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

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

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments

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

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

Assets held for resale

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

Stock

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

Cash flows and liquid resources

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

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

Foreign currency translations

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

Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University;
- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income;
- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Pension costs

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

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Variations

from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. Glyndŵr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS17.

Provisions

Provisions are recognised in the financial statements when the University has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material.

Contingent liabilities

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

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

Contingent assets

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

Glyndŵr University

Consolidated Income and expenditure account for the year ended 31 July 2015

	Note	2015	2014
		£000	£000
Income			
Funding body grants	2	5,375	8,250
Tuition fees and education contracts	3	26,537	29,569
Research grants and contracts	4	1,976	1,988
Other Income	5	8,503	8,982
Endowment and investment income	6	4	6
Total income		42,395	48,795
Expenditure			
Staff costs	7	24,750	27,235
Other operating expenses	8	15,214	18,781
Depreciation	12	1,902	2,651
Interest and other finance costs	9	304	323
Total expenditure		42,170	48,990
Surplus / (deficit) after depreciation of tangible fixed assets at valuation and before tax		225	(195)
Taxation	10	-	-
Surplus / (deficit) before exceptional items		225	(195)
Restructuring costs	7	-	1,391
Exceptional costs	8	1,760	2,457
Deficit for the year deducted from general reserves		(1,535)	(4,043)
Deficit on continuing operations before taxation		(1,535)	(4,043)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	602	549
Realisation of property revaluation gains of previous years	25	235	-
Historical cost deficit for the year before taxation		(698)	(3,494)
Taxation	10	-	-
Historical cost deficit for the year after taxation		(698)	(3,494)

All results derive from continuing operations.

Glyndŵr University

Consolidated statement of the total recognised gains and losses for the year ended 31 July 2015

	Note	2015	2014
		£000	£000
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(1,535)	(4,043)
Unrealised surplus on revaluation of fixed assets	25	-	3,187
Adjustment to revaluation reserve	25	-	1
Adjustment to I&E reserve	26	-	1
Appreciation of endowment asset investments	24	-	-
Reclassification of endowment asset investments	24	(18)	-
Actuarial loss in respect of pension scheme assets and liabilities	33	(3,102)	(2,134)
Total recognised losses relating to the year		(4,655)	(2,988)
Reconciliation			
Opening reserves and endowments		28,974	31,962
Total recognised losses for the year		(4,655)	(2,988)
Closing reserves and endowments		24,319	28,974

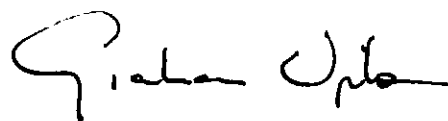
Glyndŵr University
Balance Sheets as at 31 July 2015

	Notes	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Fixed assets					
Intangible assets	13	-	-	-	-
Tangible assets	12	57,497	57,085	59,483	58,967
Investments	15	-	-	-	-
Total fixed assets		57,497	57,085	59,483	58,967
Endowment assets	16	-	-	18	18
Current assets					
Stocks	14	57	52	58	52
Debtors	17	4,894	4,693	8,660	6,047
Assets held for sale		-	-	990	990
Investments	18	102	102	115	115
Cash at bank and in hand		704	247	486	381
Total current assets		5,757	5,094	10,309	7,585
Creditors: amounts falling due within one year	19	(7,953)	(6,210)	(12,104)	(9,395)
Net current (liabilities) / assets		(2,196)	(1,116)	(1,795)	(1,810)
Total assets less current liabilities		55,301	55,969	57,706	57,175
Creditors: amounts falling due after more than one year	20	(72)	(72)	(91)	(91)
Provisions for liabilities	22	(3,341)	(3,275)	(3,753)	(3,329)
Net assets excluding pension liability		51,888	52,622	53,862	53,755
Net pension liability	33	(19,843)	(19,843)	(16,595)	(16,595)
NET ASSETS		32,045	32,779	37,267	37,160
Deferred capital grants	23	7,726	7,567	8,293	8,103
Endowment funds					
Restricted	24	-	-	-	-
Unrestricted	24	-	-	18	18
Total endowments		-	-	18	18
RESERVES					
Income and expenditure account excluding pension reserve	26	14,614	15,742	15,166	15,492
Pension reserve	33	(19,843)	(19,843)	(16,595)	(16,595)
Income and expenditure account including pension reserve	26	(5,229)	(4,101)	(1,429)	(1,103)
Specific reserve	24	200	200	200	200
Revaluation reserve	25	29,348	29,113	30,185	29,942
Total reserves		24,319	25,212	28,956	29,039
TOTAL FUNDS		32,045	32,779	37,267	37,160

The financial statements on pages 28 to 59 were approved by the governing body on 27 November 2015 and were signed on its behalf by:



Sir Jon Shortridge
Chairman



Professor Graham Upton
Vice Chancellor and Chief Executive

Glyndŵr University

Consolidated cash flow statement for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash (outflow) / Inflow from operating activities	27	(828)	40
Returns on investments and servicing of finance	28	4	(52)
Taxation	10	-	-
Capital expenditure			
Appreciation of endowment asset investments	28	-	-
Payments to acquire tangible assets	29	(30)	(43)
Sales of tangible fixed assets	29	1,080	168
Payments to acquire trade & assets	13	-	-
Deferred capital grants received	29	-	-
Cash inflow before management of liquid resources		226	113
Management of liquid resources	30	13	1,075
Financing	31	-	(159)
Increase in cash in year	32	239	1,029
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		239	1,029
Cash inflow from new secured loan		-	-
Cash inflow from liquid resources	32	(13)	(1,075)
Non cash increase in liquid resources		(18)	-
Cash inflow from movement in finance leases and loans		-	159
Movement in net funds in year		208	113
Net funds brought forward		327	214
Net funds carried forward		535	327

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

	Note	2015 £000	2014 £000
1 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. The following sum was reimbursed in 2014/15:			
Travel and subsistence expenses		8	10
2 Funding body grants			
		2015 £000	2014 £000
Recurrent grant:			
Higher Education Funding Council for Wales		3,884	4,783
Specific grants:			
Release of HEFCW deferred income		290	640
HEFCW other income		758	2,381
Research grants		-	-
Releases of deferred capital grants:			
Buildings	23	404	400
Equipment	23	39	46
Total		5,375	8,250
3 Tuition fees and education contracts			
		2015 £000	2014 £000
Full-time home and EU students		18,842	14,939
Education contract income		1,472	1,994
Full-time International students		4,507	10,793
Part-time students		1,716	1,843
Total fees paid by or on behalf of individual students		26,537	29,569
4 Research grants and contracts			
		2015 £000	2014 £000
Research Council		352	341
UK based charities		8	1
European Commission		26	(98)
Other grants and contracts		1,590	1,744
Total		1,976	1,988

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

5 Other income

	Note	2015 £000	2014 £000
Residences, catering and conferences		3,065	2,785
Other income generating activities		5,314	5,991
Releases from deferred capital grants	23	124	206
Total		8,503	8,982

6 Endowment and investment income

	2015 £000	2014 £000
Endowment income	-	-
Other interest receivable	4	6
Total	4	6

7 Staff costs

	2015 Number	2014 Number
Teaching departments (teaching staff)	187	213
Other staff	337	385
Total	524	598

The methodology for allocating staff to departments has been amended in the year ended 31 July 2015, the prior year has been recalculated on the same basis.

Staff costs for the above persons:

	2015 £000	2014 £000
Wages and salaries	20,241	22,465
Social security costs	1,537	1,704
Other pension costs (Including FRS 17 adjustments)	2,799	3,066
Sub total	24,577	27,235
Restructuring costs	173	1,391
Total	24,750	28,626

Restructuring costs were treated as exceptional in 2014.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

7 Staff costs (continued)

	2015 £000	2014 £000
Teaching departments	12,111	13,808
Teaching support services	1,342	1,273
Other support services	3,052	3,728
Administration and central services	5,348	5,225
Premises	780	777
Other Income generating activities	1,193	1,447
Catering and residences	605	729
FRS 17 retirement benefit charges	146	248
Sub total	24,577	27,235
Restructuring costs	173	1,391
Total	24,750	28,626

Restructuring costs were treated as exceptional in 2014.

Emoluments of the Vice-Chancellor:

	2015 £	2014 £
Salary	137,120	207,696
Pay In lieu of notice	155,802	-
Benefits In kind	8,626	19,394
	301,548	227,090

The emoluments were paid to the former Vice-Chancellor, Professor Michael Scott, who has been remunerated in line with his contractual terms.

The University also engaged an interim Vice - Chancellor, Professor Graham Upton, who has been remunerated via payments to the recruitment agency disclosed as other operating costs to the net sum of £189,435 to 31st July 2015.

Emoluments of higher paid employees:

	2015 Number of employees	2014 Number of employees
£100,001 - £110,000	1	1

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

8 Other operating expenses

	2015	2014
	£000	£000
Teaching departments	1,200	1,176
Teaching support services	1,623	2,887
Administration and central services	2,213	1,995
General education	188	1,243
Premises costs: running costs	2,500	2,698
Premises costs: maintenance	271	522
Staff and student facilities	440	291
Planned maintenance	35	80
Other income generating activities	3,477	2,669
Catering and residence operations	1,535	964
Franchised provision	529	386
Research	785	1,657
Bursary payments (waived fees) to HE students	112	174
Movement in bad debt provision	306	2,039
Total before exceptional items	15,214	18,781
Impairment of goodwill	-	1,141
Legal costs	-	1,316
Other exceptional costs	1,760	-
Total other operating expenses	16,974	21,238

Other operating expenses include:

	2015	2014
	£000	£000
Auditors' remuneration:		
external audit - University	51	58
external audit - subsidiaries	33	18
Internal audit	40	30
Hire of other assets - operating leases	-	-
Hire of other assets - buildings	-	-
Losses on disposal of tangible fixed assets	24	12

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

9 Interest and other finance costs

	Note	2015 £000	2014 £000
Bank loans and overdrafts		-	58
Loans wholly repayable within 5 years		-	-
Repayable within 5 years, by instalments		-	-
Repayable wholly or partly in more than 5 years		-	-
		<u>-</u>	<u>58</u>
On finance leases		-	-
Pension finance costs	33	304	265
Total		<u>304</u>	<u>323</u>

10 Taxation

	2015 £000	2014 £000
UK corporation tax	-	-
Provision for deferred corporation tax in the Financial Statements of the subsidiary company	-	-
	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>

In the opinion of the Board of Governors, the criteria of s505 ICTA 1988 and s256 TCGA 1992 are fulfilled and there is no Corporation Tax liability arising on the University's activities for the period ended 31 July 2015.

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

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

	2015 £000	2014 £000
University's surplus / (deficit) for the period before exceptional items*	(385)	894
Exceptional restructuring costs	-	(1,391)
Exceptional impairment of goodwill	-	(1,141)
Exceptional legal costs	-	(1,316)
Exceptional dilapidations	-	-
University's deficit for the period	<u>(385)</u>	<u>(2,954)</u>
(Deficit) / surplus generated by subsidiary undertakings:		
Glyndŵr Innovations Limited	73	(102)
North Wales Science	(12)	-
Optic Glyndŵr Limited	(244)	(1,216)
Glyndŵr London Holdings	(2)	(2)
Glyndŵr London Limited	<u>(965)</u>	<u>231</u>
Total	<u>(1,535)</u>	<u>(4,043)</u>

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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

12 Tangible assets (consolidated)

	Freehold Land and Buildings	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000
Cost or Valuation			
As at 1 August 2014	58,259	6,192	64,451
Additions at cost	-	30	30
Disposals	(114)	-	(114)
As at 31 July 2015	58,145	6,222	64,367
Depreciation			
As at 1 August 2014	311	4,657	4,968
Charge for year	1,120	782	1,902
As at 31 July 2015	1,431	5,439	6,870
Net book value			
As at 31 July 2015	56,714	783	57,497
Net book value			
As at 31 July 2014	57,948	1,535	59,483

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.

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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDWR UNIVERSITY

12 Tangible assets (University)

	Freehold Land and Buildings	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000
Cost or Valuation			
As at 1 August 2014	57,484	6,051	63,535
Additions at cost	-	30	30
Disposals	(114)	-	(114)
As at 31 July 2015	57,370	6,081	63,451
Depreciation			
As at 1 August 2014	-	4,568	4,568
Charge for year	1,042	756	1,798
As at 31 July 2015	1,042	5,324	6,366
Net book value			
As at 31 July 2015	56,328	757	57,085
Net book value			
As at 31 July 2014	57,484	1,483	58,967

See notes on tangible assets (consolidated).

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

13 Intangible assets - goodwill arising from acquisition (consolidated)

	Goodwill	
	2015 £000	2014 £000
Cost		
As at 1 August 2014	2,105	2,105
(Adjustments) / additions	-	-
As at 31 July 2015	2,105	2,105
Accumulated amortisation		
As at 1 August 2014	2,105	964
Charge in year	-	-
Impairment in year	-	1,141
As at 31 July 2015	2,105	2,105
Net book value carried forward	-	-
Net book value brought forward	-	1,141

14 Stocks

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Stocks - goods for resale	57	52	58	52
Work in progress	-	-	-	-
Total	57	52	58	52

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
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
Glyndŵr London Holdings	100	England & Wales	Holding company
Glyndŵr London Limited	100	England & Wales	Higher Education

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

The carrying value of the investments as at 31 July 2015 is nil. 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 as at 1 August 2014		18	18
Additions		-	-
Appreciation of endowment asset investments		-	-
Reclassification		(18)	(18)
Appreciation on disposals / revaluation		-	-
Balance as at 31 July 2015		-	-
Represented by:			
Cash balances	32	-	-
Total		-	-

Endowments of £18k have been released to reserves as the University has completed a review and confirmed there are no outstanding conditions attached to these amounts.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

17 Debtors

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Trade debtors	4,413	3,709	7,721	5,055
Amounts owed by group undertakings:				
Subsidiary undertakings	-	531	-	414
Prepayments and accrued income	481	453	939	578
Total	4,894	4,693	8,660	6,047

18 Investments

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Deposits maturing:				
In one year or less	102	102	115	115
Between one and two years	-	-	-	-
Total	102	102	115	115

19 Creditors: amounts falling due within one year

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Secured bank overdraft	-	-	21	18
Trade creditors	2,117	1,265	2,848	1,818
Amounts owed to group undertakings:				
Subsidiary undertakings	-	609	-	1,152
Short term loans	271	-	271	-
Other creditors	589	423	1,029	914
Loans due	-	-	-	-
Accruals and deferred income	4,976	3,913	7,935	5,493
Total	7,953	6,210	12,104	9,395

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

20 Creditors: amounts falling due after more than one year

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Loans from subsidiary undertakings	-	-	-	-
Short term loans	-	-	-	-
Energy efficiency loan scheme (SALIX)	72	72	91	91
Early retirement pension obligations	-	-	-	-
Total	72	72	91	91

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

21 Borrowings

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
a) Finance leases				
The net finance lease obligations to which the institution is committed are:				
In one year or less	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	-	-	-	-
	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000

b) Short term loans

The loan obligations to which the institution is committed are:

In one year or less	271	-	271	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	271	-	271	-

22 Provisions for liabilities

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Enhanced pension:				
As at 1 August 2014	2,615	2,615	2,621	2,621
Provided in year	-	-	-	-
Utilised in year	(103)	(103)	(6)	(6)
As at 31 July 2015	2,512	2,512	2,615	2,615
Redundancy provision:				
As at 1 August 2014	741	714	-	-
Provided in year	251	185	741	714
Utilised in year	(741)	(714)	-	-
As at 31 July 2015	251	185	741	714
Optic loss provision:				
As at 1 August 2014	397	-	-	-
Provided in year	-	-	397	-
Utilised in year	(397)	-	-	-
As at 31 July 2015	-	-	397	-
Potential part-time credit clawback provision:				
As at 1 August	-	-	-	-
Provided in year	578	578	-	-
Utilised in year	-	-	-	-
As at 31 July	578	578	-	-
Total	3,341	3,275	3,753	3,329

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
As at 1 August 2014			
Land and buildings	7,186	950	8,136
Equipment	39	118	157
	<u>7,225</u>	<u>1,068</u>	<u>8,293</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Released to income and expenditure account			
Land and buildings	(404)	(56)	(460)
Equipment	(39)	(68)	(107)
	<u>(443)</u>	<u>(124)</u>	<u>(567)</u>
As at 31 July 2015			
Land and buildings	6,782	894	7,676
Equipment	-	50	50
Total	<u>6,782</u>	<u>944</u>	<u>7,726</u>
	University HEFCW grants £000	University Other grants £000	University Total £000
As at 1 August 2014			
Land and buildings	7,186	760	7,946
Equipment	39	118	157
	<u>7,225</u>	<u>878</u>	<u>8,103</u>
Cash received			
Land and buildings	-	-	-
Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Released to income and expenditure account			
Land and buildings	(404)	(25)	(429)
Equipment	(39)	(68)	(107)
	<u>(443)</u>	<u>(93)</u>	<u>(536)</u>
As at 31 July 2015			
Land and buildings	6,782	735	7,517
Equipment	-	50	50
Total	<u>6,782</u>	<u>785</u>	<u>7,567</u>

24 Endowment funds and specific reserves

	Consolidated and University		Total £000
	Restricted £000	Unrestricted £000	
As at 1 August 2014	-	18	18
Reclassification	-	(18)	(18)
As at 31 July 2015	<u>-</u>	<u>-</u>	<u>-</u>
Specific reserve			
Covenant on behalf of Charity Commission for sale of property	200	-	200
Total as at 1 August 2014 & 31 July 2015	<u>200</u>	<u>-</u>	<u>200</u>

Endowments of £18k have been released to reserves as the University has completed a review and confirmed there are no outstanding conditions attached to these amounts.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

25 Revaluation reserve

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
As at 1 August 2014	30,185	29,942	27,546	27,297
Revaluations in the year	-	-	3,204	3,204
Adjustment for sale of property	-	-	(17)	(17)
Adjustment	-	-	1	(1)
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(602)	(594)	(549)	(541)
Realised gains	(235)	(235)	-	-
As at 31 July 2015	29,348	29,113	30,185	29,942

26 Movement on general reserves

	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Income and Expenditure Account Reserve				
As at 1 August 2014	(1,429)	(1,103)	4,198	4,483
(Deficit) / surplus retained for the year *	(1,535)	(725)	(4,043)	(3,994)
Rounding	-	-	1	1
Transfer from revaluation reserve	837	829	549	541
Actuarial gain / (loss) in respect of pension scheme	(3,102)	(3,102)	(2,134)	(2,134)
As at 31 July 2015	(5,229)	(4,101)	(1,429)	(1,103)
Balance represented by:				
Pension reserve	(19,843)	(19,843)	(16,595)	(16,595)
Income and expenditure reserve excluding pension reserve	14,614	15,742	15,166	15,492
As at 31 July 2015	(5,229)	(4,101)	(1,429)	(1,103)

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

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

27 Reconciliation of net cash inflow from operating activities

	Notes	2015 £000	2014 £000
Deficit on continuing operations after depreciation of assets		(1,535)	(4,043)
Depreciation	12	1,902	2,651
Impairment of goodwill	13	-	1,141
Deferred capital grants released to income	23	(567)	(652)
Loss on disposal of tangible fixed assets	8	24	12
Interest payable	9	304	323
Pension cost less contributions payable	33	(158)	(16)
(Increase) / decrease in stocks	14	1	(2)
Increase in debtors	17	3,766	(691)
Increase / (decrease) in creditors	19	(4,149)	191
(Decrease) / increase in provisions	22	(412)	1,132
Interest receivable	6	(4)	(6)
Net cash inflow / (outflow) from operating activities		(828)	40

28 Returns on investments and servicing of finance

	Notes	2015 £000	2014 £000
Other interest received	6	4	6
Interest paid		-	(58)
Total		4	(52)

29 Capital expenditure and financial investment

		2015 £000	2014 £000
Purchase of tangible fixed assets		(30)	(43)
Sales of tangible fixed assets		1,080	168
Deferred capital grants received	23	-	-
Net cash inflow from capital expenditure and financial investment		1,050	125

30 Management of liquid resources

		2015 £000	2014 £000
Withdrawals from deposits		(13)	(1,075)
Net cash outflow from management of liquid resources		(13)	(1,075)

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

31 Financing

	2015 £000	2014 £000
Debt due beyond a year:		
Short term loan repayment	-	(159)
Net cash outflow from financing	-	(159)

32 Analysis of changes in net funds

	Note	At 1 August 2014 £000	Cash flows £000	Other changes £000	At 31 July 2015 £000
Cash at bank and in hand		486	218	-	704
Endowment asset investments	16	18	-	(18)	-
Bank overdrafts		(21)	21	-	-
Total		483	239	(18)	704
Debt due within 1 year		(271)	-	-	(271)
Debt due after 1 year		-	-	-	-
Current asset Investments		115	(13)	-	102
Total		327	226	(18)	535

33 Pensions

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-academic staff and the Universities Superannuation Scheme for pre-existing members. These are all independently administered schemes.

The total pension cost for the period was £2,799,000 (2014 - £3,066,000). The expected costs for 2015/16 for the LGPS are £459,000 finance charge and £1,792,000 contributions.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33a Teachers' Pension Scheme (TPS)

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 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). 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 3.0%), 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.

The last valuation of the TPS related to the period 1 April 2004 - 31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015.

Scheme Changes

From 1 September 2015, the employer contribution rate will increase to 16.4%.

From 1 April 2015, the TPS is being reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate set out above.

The pension costs paid to TPS in the year amounted to £1,667,000 (2014: £1,891,000).

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33b Local Government Pension Scheme (LGPS)

The following information is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	As at 31 July 2015	As at 31 July 2014	As at 31 July 2013
Rate of Increase in salaries	3.70%	3.80%	3.90%
Rate of increase for pensions in payment/inflation	2.20%	2.30%	2.40%
Discount rate for liabilities	3.80%	4.30%	4.50%

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

	As at 31 July 2015	As at 31 July 2014
- of a male (female) future pensioner aged 65 in 20 years' time	26.3 years (29.3 years)	26.2 years (29.2 years)
- of male (female) current pensioner aged 65	23.4 years (25.9 years)	23.3 years (25.8 years)

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

	Long-term rate of return expected as at 31 July 2015	Value as at 31 July 2015 £000	Long-term rate of return expected as at 31 July 2014	Value as at 31 July 2014 £000	Long-term rate of return expected as at 31 July 2013	Value as at 31 July 2013 £000
Equities	6.5%	6,298	7.0%	7,025	7.0%	12,951
Government Bonds	2.5%	-	3.2%	-	3.3%	-
Other Bonds	3.6%	12,119	4.1%	4,209	4.3%	4,208
Property	6.1%	2,451	6.2%	2,392	5.7%	2,252
Cash	0.5%	1,021	0.5%	1,332	0.5%	682
Other	6.5%	12,153	7.0%	15,322	7.0%	9,542
Total market value of assets		34,042		30,280		29,635
Present value of scheme liabilities		(53,885)		(46,875)		(43,848)
Related deferred tax liability		-		-		-
Deficit in the scheme		(19,843)		(16,595)		(14,213)

	2015 £000	2014 £000
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Analysis of the amount charged to income and expenditure account

Current service cost	(1,473)	(1,529)
Curtailments	(106)	(9)
Total operating charge recognised in staff costs	(1,579)	(1,538)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	1,723	1,724
Interest on pension liabilities	(2,027)	(1,989)
Pension finance costs	(304)	(265)

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

Actual return less expected return on pension scheme assets	1,200	(1,892)
Experience gains and losses arising on the scheme liabilities	(4,302)	(242)
Past service cost gain	-	-
Actuarial gain / (loss) recognised in STRGL	(3,102)	(2,134)

Movement in deficit during year

Deficit in scheme as at 1 August 2014	(16,595)	(14,213)
Movement in year:		
Current employer service charge	(1,473)	(1,529)
Employer Contributions	1,737	1,555
Curtailments	(106)	(9)
Net interest / return on assets	(304)	(265)
Actuarial gain or loss	(3,102)	(2,134)
Deficit in scheme as at 31 July 2015	(19,843)	(16,595)

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33c Universities Superannuation Scheme (USS)

Principal Accounting Policies

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis 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.

Notes to the Accounts

Contingent Liabilities and Assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

Pensions Costs

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company 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.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33c Universities Superannuation Scheme (USS) (continued)

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables – No age rating

Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6
Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

NOTES TO THE FINANCIAL STATEMENTS OF GLYNDŴR UNIVERSITY

33c Universities Superannuation Scheme (USS) (continued)

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

	2015 £000	2014 £000
At beginning of the year	46,875	43,848
Current service cost	1,473	1,529
Interest cost	2,027	1,989
Contributions by scheme participants	536	536
Actuarial gains and losses	4,302	242
Benefits paid	(1,434)	(1,278)
Past service costs	-	-
Business combinations	-	-
Curtailments	106	9
Settlements	-	-
At end of year	53,885	46,875

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

	2015 £000	2014 £000
At beginning of the year	30,280	29,635
Expected rate of return on scheme assets	1,723	1,724
Actuarial gains and losses	1,200	(1,892)
Contributions by employer	1,737	1,555
Contributions by scheme participants	536	536
Benefits paid	(1,434)	(1,278)
At end of year	34,042	30,280

History of experience gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Actual return on scheme assets	2,924	1,191	2,606	656	2,194
Difference between the expected and actual return on assets	1,200	(1,892)	1,151	(699)	917
Experience gains and losses on scheme liabilities	4,302	242	798	(1,876)	(1,761)
Present value of the scheme liabilities	(53,885)	(46,875)	(43,848)	(39,569)	(34,263)
Present value of the scheme assets	34,042	30,280	29,635	25,241	22,766
Deficit	(19,843)	(16,595)	(14,213)	(14,328)	(11,497)

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	
	2015 £000	2014 £000
Commitments contracted for at 31 July	-	-
	-	-
	-	-
Total	-	-

35 Financial commitments

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

	Consolidated and University			
	2015		2014	
	Property £000	Vehicles, plant and equipment £000	Property £000	Vehicles, plant and equipment £000
Expiring within one year	-	-	-	-
Expiring within two and five years inclusive	176	-	-	-
Expiring in over five years	-	-	247	-
Total	176	-	247	-

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. A trivial amount of transactions have taken place in year.

37 Access and disability grants

	2015 £000	2014 £000
Access Funds		
Balance unspent as at 1st August 2014	222	215
Income - Funding Body	126	117
	<u>348</u>	<u>332</u>
Disbursed to students	(104)	(110)
Balance unspent as at 31 July 2015	<u>244</u>	<u>222</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.