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1920~2020



Swansea  
University  
Prifysgol  
Abertawe

# OPERATING AND FINANCIAL REVIEW

2018–2019

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## MESSAGE FROM THE VICE-CHANCELLOR

We are delighted to be able to report on yet another year of success for Swansea University. It is with no small sense of pride, both in our people and our mission, that we reflect upon our many achievements in 2018-19.

Our University has much to celebrate, and we are extremely proud of the many accolades and awards bestowed upon us during this time. We again won Welsh University of the Year in The Times and Sunday Times Good University Guide, as well as winning UK University of the Year in the WhatUni Student Choice Awards. We were particularly delighted to have been awarded the latter, given that our own students voted for it and it is the second time that we have been winners in the last 5 years. It is a resounding endorsement of our efforts to keep student experience at the heart of our ambitions. Against a backdrop of increasingly competitive student recruitment, we also understand the importance of such external recognition as a means of distinguishing ourselves through our excellence.

We are proud of our impressive standing within institutional rankings, which is based on our ability to deliver both world-class research and the highest quality research-led teaching, perhaps best exemplified by our Teaching Excellence Framework (TEF) Gold Award. We also ensure a welcoming and supportive environment for staff and students, and continue to be one of the best universities in the UK for graduate employability outcomes – we rank fifth in the UK according to the Guardian. The experience of studying at Swansea University inspires and prepares our students to have successful and meaningful careers, whatever their chosen path may be.

In 2018-19, Swansea University was also the winner in the International Category of the WhatUni Awards. This is important, as we are not immune to the global uncertainty faced by all higher education institutions, whether related to Brexit or the increasing recruitment competition within the growing market outside of the EU. We are confident in our current standing as we look to face these international challenges over the coming years. We remain upbeat and ambitious, and are committed to growing our international presence, with partnership at the heart of all we do. The creation of sustainable and mutually beneficial collaborations with key partners remains a pillar of our international strategy, as we continue to focus on high-quality partnerships, which lead to opportunities for staff and student mobility, joint teaching, and research collaboration.

In addition to our global perspective, we remain committed to our geographical and historical roots here in Swansea and in Wales. We are passionate about our impact within our community and remain focused on maximising our facilities, expertise and global relationships to drive inward investment and generate new business growth. We are proud and active members of the communities in which we study, work and live, and proactively seek opportunities to support them. We have established community events such as the Swansea Science Festival, which is now in its third year and is continuing to grow, attracting over 7000 visitors this year alone.

All of our success, each and every award and accolade, has only been made possible through the hard work and commitment of our excellent staff, and the drive and talent of our brilliant students. Of course, 2018-19 has not been without its challenges for our University, and we continue to reflect on lessons learned. As we enter our Centenary year, we are proud of our resilience as we look forward to embracing the future and to seizing new opportunities, with the same energy, passion and commitment to making a difference. We are confident that our success, past and present, forms an excellent foundation upon which we can continue to build as we enter our second century.

Professor Paul Boyle  
Vice-Chancellor, Swansea University

## THE UNIVERSITY AND ITS WORK

Swansea University is an ambitious, research-intensive institution with more than 20,000 students. The University's vision states:

**'Together, we will transform lives and futures by providing an outstanding academic environment with a balance of excellence between world-class teaching and research, driving impact that is enabled by effective regional and global collaborations'.**

### MISSION

True to the vision of its industrial founders in 1920, Swansea University will:

- a) Deliver an outstanding student experience, with research-led and practice-driven teaching of the highest quality that produces global graduates educated and equipped for distinguished personal and professional achievement.
- b) Provide an environment of research excellence, with research that is world-leading, globally collaborative, and internationally recognised.
- c) Use our teaching and research strengths, collaboration with industry, and global reach to drive economic growth, foster prosperity, enrich the community and cultural life of Wales, as well as contribute to the health, leisure, and wellbeing of its citizens.

### STRATEGY

Swansea University's strategic approach has been further developed in recent years in the run up to our centenary in 2020. The latest iteration of our Strategic Plan is underpinned by the observation and delivery of 20 strategic objectives spanning across 4 key themes; **Student Experience, World-Class Research, Economic Growth and Societal Impact and Strategic Enablers**. The Strategic Plan takes account of key successes to date and provides a detailed breakdown of how progress will be made over the period to 2020.

The University continues to plan ambitious growth in key academic areas developed in partnership with industry and government that will stimulate the development of a Knowledge Economy in South West Wales. The key enabling feature of these plans is the construction and on-going development of the Bay Campus with industrial Research and Development intermingled with academic research.

Financial plans, forecasts and outcomes are regularly reviewed by the Senior Management Team and Finance Committee throughout the year. The budgeted surplus is intended to finance the capital programme of the University, particularly to enhance the infrastructure and estate.

## THE ORGANISATION

The University's governing body, the Council has general control over the University and its affairs, purposes and functions. The members of Council for the year ended 31 July 2019 were:-

Role	Member	End of Term
Chancellor	Professor Dame Jean Thomas (from 1 January 2018)	31 December 2021
Pro-Chancellor and Chair of Council	Sir Roger Jones	10 September 2019
Pro-Chancellor Acting Chair of Council	Sir Roderick Evans	March 2021 Until new appointment
Vice-Chancellor	Professor Paul Boyle (from 26 July 2019) Professor Richard B Davies (until 26 July 2019)	July 2024
Pro-Vice-Chancellors (maximum of 3)	Professor Iwan Davies Professor Hilary Lappin-Scott Professor Steve Wilks	31 August 2019 5 December 2018 31 December 2022
6 Members appointed by and from the Court of Swansea University	Mr Gordon Anderson Dr Kerry Beynon Mrs Jill Burgess Professor Kathryn Monk Ms Elin Rhys Mrs Gaynor Richards	January 2021 (2019/20*) January 2020 (2018/19*) January 2022 (2020/21*) January 2022 (2020/21*) January 2020 (2018/19*) January 2022 (2020/21*)
(*term ends with the AGM of Court for the session in question)		
4 members of the academic staff appointed by and from the Senate, (2 of the status of professor and 2 non-professorial staff)	Dr Suzanne Darra (from 20 November 2018 until 29 March 2019) Mr Michael Draper (until 29 March 2019) Professor Nuria Lorenzo-Dus (from 1 December 2018) Professor Joy Merrell Dr Ryan Murphy (from 4 July 2019) Dr Sian Rees (from 4 July 2019) Professor Jane Thomas (until 30 November 2018) Dr Tessa Watts (until 3 August 2018)	30 November 2022  18 October 2020 3 July 2023 3 July 2023
6 members co-opted by the Council of Swansea University	Dr Debra Evans-Williams (until 9 May 2019) Mr John Mahoney (until 9 November 2018) Mrs Rosemary Morgan Dr Angus Muirhead Mr Bleddyn Phillips	10 September 2020 20 March 2020 May 2021
2 employees of Swansea University nominated by the University's recognised Trades Unions	Dr Simon Hoffman Mrs Val Mills (Until 23 June 2019)	10 September 2019
President of Students' Union	Mr Gwyn Aled Rennolf Ms Grace Hannaford (from 1 July 2019)	30 June 2019 30 June 2020
Students' Union Sports Officer	Ms Sophie Hargreaves Ms Ffion Davies (from 1 July 2019)	30 June 2019 30 June 2020

The Senior Management Team has operational responsibility for the University and comprises:

**Vice-Chancellor** – Professor Paul Boyle (from 26th July 2019). Professor Richard B. Davies (until 26th July 2019)

**Registrar and Chief Operating Officer** (Administration & Support Activities) Mr Andrew Rhodes

**Senior Pro-Vice-Chancellor** (Estate and Internationalisation & Law) – Professor Iwan Davies (until 31st August 2019)

**Senior Pro-Vice-Chancellor** (Research and Innovation & School of Management, Human and Health Science and Medicine) – Professor Hilary Lappin-Scott (until 31st August 2019)

**Pro-Vice-Chancellor** (Student Experience & Science and Engineering) – Professor Steve Wilks

**Pro-Vice-Chancellor** (Academic & Arts and Humanities and Social Sciences) – Professor Martin Stringer

**Director of Finance** – Mr Rob Brelford-Smith (until 16th July 2019)

**Interim Director of Finance** – Mr Rob Eastwood (from 16th July 2019)

The Management Board is the senior management and operational committee of the University, consisting of the Vice-Chancellor, the Pro-Vice-Chancellors, the Registrar, the Heads of Colleges, the Director of Finance and representatives of the Directors of key administrative operations. This body provides a forum for building common purpose across the Institution and for advising the Vice-Chancellor and other senior officers of the University on matters relating to their portfolio responsibilities.

## THE WORK OF THE UNIVERSITY

Swansea University has enjoyed another successful year, establishing its position as a **UK top 30 university and top in Wales**. The University achieved its highest ever position in any of the UK league tables ranking 30th out of over 120 institutions in the Times & Sunday Times Good University Guide 2019. This outstanding performance has also been recognised by the Guide awarding the institution **Welsh University of the Year 2019** and **Runner-up for UK University of the Year 2019**. In the global rankings, the University also maintained its **top 300 position**, appearing in the **251-300 band again this year in the Times Higher Education World University Rankings 2017-18**.

In June 2018, the University was awarded a **Gold rating for Teaching Excellence**, the highest possible rating in the UK government's Teaching Excellence Framework (TEF), cementing our position as a top UK university. An independent panel of experts judged that students from all backgrounds studying at Swansea achieve consistently outstanding outcomes (graduate-level employment or further study), and that there is clear evidence of personalised high-quality support for student learning, including Welsh-medium opportunities, and pastoral care.

Ensuring our graduates are equipped for the world of work is at the heart of everything we do and this featured highly in our TEF Gold award. Through our Swansea Employability Academy we provide a University-wide approach to ensure students are inspired, nurtured and develop into employable graduates. Our approach is very successful and in the Destination of Leavers from Higher Education Survey (DLHE) 2018, the University achieved its highest ever performance for the proportion of graduates going on to graduate-level employment or further study with **86% placing the University joint 5th in the UK Guardian University Guide 2020**. The University was also placed top in the UK for overall employment and further study.

The University was delighted to have been shortlisted by the Times Higher Education Awards 2018 for the highly prestigious **University of the Year award**, Technological Innovation of the Year Award and THE DataPoints Merit Award for our Research Excellence.

The 2014 Research Excellence Framework (REF) results confirm that the University's research is delivering significant, sustained and valuable economic and societal impact not just within Wales or the UK, but internationally. The results, which are valid until the next assessment in 2021, show that Swansea University achieved the biggest leap amongst research-intensive institutions – climbing from 52nd in the UK in 2008 to 26th in 2014. The University's research is now rated within the UK top 20 for 7 subjects: Medicine 2nd, English 7th, Bioscience 8th, Engineering 12th, Social Work 14th, Sports Science 15th and Computer Science 18th. Overall, the University doubled the volume of world-leading researchers and 90% of the University's research is now rated world leading or internationally excellent.

The University continues to achieve high levels of student satisfaction. In the latest WhatUni Student Choice Awards 2019 (voted for by students), the University was awarded University of the Year, the second time it has topped this category in 6 years. Swansea was also placed in the **top 5 for International, Postgraduate, Courses and Lectures, Job Prospects and Clubs and Societies**. In the latest National Student Survey 2019, 88% of students were satisfied with their overall experience placing the University joint **10th in the UK**. Of the subject areas the University provides, 16 are in the **UK top 10 for overall satisfaction**.

The University continues to expand and upgrade both campuses to provide world-class research, teaching and student/staff facilities. At the Bay Campus, a state-of-the-art £35 million IMPACT research centre, part of the University's College of Engineering opens in winter 2019. The facility offers 80 single occupancy offices, hub space for over 150 researchers and co-location space for 50 industrial and academic collaborators. Teaching began in 'The College', Swansea University in October 2018 with the opening of a new academic building and a 411-bed student residence. The College offers academic Pathways at Swansea University that lead to undergraduate and postgraduate degrees. This unique approach to education transforms international students into Swansea University graduates and lifelong learners.

On the Singleton Campus the emphasis has been on refurbishment of the existing buildings rather than expansion. Work has continued to refurbish space inside the Talbot Building for University staff offices, teaching and learning, the Student Union and the Steel and Metals Institute. Future work in the Talbot Building includes the planned installation of the Bird Flight Wind Tunnel. Off campus, a state of the art facility for training health professionals has been established in space at Singleton Hospital, and space has been leased at the Civic Centre.

<sup>1</sup> Ranking based on those institution that are included in the Sunday Times Good University Guide who provide a wide range of degree courses.

## PUBLIC BENEFIT STATEMENT

### The University became a registered charity in October 2010 and its charity number is 1138342

The constitutional framework in which the University operates is defined in the Charter and Statutes. The objectives of the University are to advance learning and knowledge by teaching and research, and to engage in activities to promote and contribute to cultural, social and economic development within Wales and beyond. The University's vision, strategic aims and objectives are set out in the University's Strategic Plan. In setting and reviewing the University's objectives and activities, the University's Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

### Swansea University will continue to grow the quality, scale, and impact of its world-class research

Swansea University has developed its research capacity substantially over the last five years. Investment has been made through the business planning process and diverting resources towards successful academic areas. There has been a strong focus on developing interdisciplinary research activities. The University achieved the biggest leap amongst research-intensive institutions in the UK in the 2014 Research Excellence Framework – climbing from 52nd in 2008 to 26th in the UK and in doing so, achieved our goal of becoming a research-intensive UK top-30 University by 2017. Swansea University is now rated within the UK top 20 for 7 subjects. Overall the University doubled the volume of world-leading researchers. 90% of the University's research is now rated world-leading or internationally excellent. These results are valid until the next Research Excellence Framework review which is due in 2021.

We continue to foster our world-leading research community and expand existing areas of the University's research excellence by further developing our research clusters, enabled by our successful capture of research grant income. These clusters bring together distinguished academics, early career researchers, and postgraduate research students in well-equipped facilities. This approach will enable innovative cross-disciplinary, collaborative, and internationally engaged research that delivers high levels of impact.

The University is currently involved in over 30 EU-funded demand-led academic and industry collaborative projects valued at over £130m tackling real world and future problems such as creating a 21st Century Steel Industry (SPECIFIC Innovation and Knowledge Centre), developing economic opportunities in renewable energy (SEACAMS 2) and enabling greater levels of business innovation in future manufacturing (ASTUTE).

Over the last 10 years the University has made significant investments in the continued creation of a world-leading research environment at both the Singleton and Bay Campus. The development of the Bay Campus continues to have a significant economic impact on the region. Up to 2017 (latest figures available), the Bay Campus had experienced over 11,000 people having worked on the site, awarded 272 contracts to Welsh companies and created or saved a total of 170 jobs. Over a ten-year period, the Bay Campus is expected to inject £3 billion into the region and create 10,000 jobs.

### To deliver an outstanding student experience, with research-intensive and practice-driven teaching of the highest quality that produces global graduates educated and equipped for distinguished personal and professional achievement.

The University educates more than 20,000 students across a broad range of subject areas contributing an estimated £162m per annum into the local economy. This education develops students academically and advances their leadership and interpersonal qualities, preparing them to play full and effective roles in society.

As part of our drive to provide a consistently outstanding experience for students we work with our students as partners and involve them in many of the key decisions across the University. Our Students' Union Full Time Officers sit on many committee and strategic groups helping to inform the decisions that impact our students.

Two of the University's academies, Swansea Academy of Learning and Teaching (SALT) and the Swansea Employability Academy (SEA) support our drive to provide the best possible student experience. SALT promotes excellence in learning and teaching and provides leadership for enhancing assessment and feedback, research-led teaching, online course delivery and pedagogical research. SEA is a partnership between the University, its students, local employers, entrepreneurs, the sector skill councils and government to support the development of employability, innovation and entrepreneurial skills amongst the student body to create 'global graduates'.

The University also recognises that widening access to higher education must deliver the higher-level skills that permanently improve the life chances of the beneficiaries from a diverse set of backgrounds. The University has an excellent record of achievement in this area and the Swansea Academy of Inclusivity and Learner Success (SAILS), provides a campus wide focus on widening access. SAILS aims to increase opportunities for people from diverse backgrounds (such as those from low participation or deprived areas, children who have been in care, disabled students) to benefit from higher education, and ensuring that students have the academic and pastoral support they need to succeed in their studies.

Our approach to providing the best student experience is evidenced by recent achievement of our Gold rating in the Teaching Excellence Framework, our 1st place for Best University in the UK in the WhatUni Student Choice Awards 2019 and our top 5 rank in the UK for Graduate Prospects (Guardian University Guide 2020).

### Swansea University is committed to advancing our civic engagement and mission and delivering a range of services and activities to enrich our region, Welsh culture and language.

The University plays an active role in the region and local communities offering extensive health services, education, heritage, community liaison, outreach and engagement, cultural, sporting and historical venues and volunteering. A summary of our provision, work and projects in these areas is below.

Swansea Universities' **Health and Wellbeing Academy** won The Guardians 'Social and Community Impact Award' in 2018 and offers affordable and flexible health services to the local community.

We play an active and targeted role in widening access and supporting education in schools through our Schools and Colleges Outreach Programme. Some examples include the **South West Wales Reaching Wider Partnership** co funded by the University and Welsh Government which aims to increase participation in higher education by people from underrepresented groups and communities in South West Wales with a specific focus on Communities First areas, looked after children and care leavers. Our **Technocamps** project has been providing hands on computing workshops in schools to inspire, motivate and engage young people with an average of 9 hours of workshops in 97% of Wales' state backed secondary schools.

Swansea University's **Department of Adult Continuing Education (DACE)**, is located within the new Swansea University School of Education in the College of Arts and Humanities. DACE provides flexible part-time learning opportunities for adults throughout the South West Wales region ranging from one-off lectures, taster sessions, accredited courses, Certificates, Diplomas to BA (Honours) Degrees. All are taught by friendly, expert Swansea University staff, who strongly believe in the benefits of lifelong learning. Adult guidance experts help learners choose the right course and inform them about available financial support.

The **Cultural Institute in the College of Arts and Humanities** has the mission of "Championing arts and culture for all, nurturing partnerships, enhancing student experience". It coordinates festivals and events, the International Dylan Thomas Prize, The Richard Burton Centre, Creativity, Music and Taliesin Create.

The **Taliesin Arts Centre** and the **Egypt Centre** on the Singleton Campus and the **Great Hall** on the Bay Campus, host and support events, exhibitions, conferences, graduation ceremonies and community events for the local community, the public and local schoolchildren. Each year, we welcome on approximately 100,000 visitors to our centres. The University also has extensive library and sporting facilities which are available to the local community.

**Discovery**, a student-led organisation, co-ordinates hundreds of student volunteers in around 20 student-run community-based projects, tackling social isolation and poverty through working with children and adults with disabilities and learning difficulties, and providing companionship and practical help for older people.

In 2018 we successfully ran our second **Swansea Science Festival** which has now become an annual event. This free festival is hosted by the University and the National Waterfront Museum and continues to attract and engage with public visitors of all ages and inspire the next generation of scientists. Our Science in the Community offering is also bolstered by the continuation of our **Oriel Science** exhibition. Oriel aims to increase the uptake of students progressing to study STEM subjects through to higher education. Since opening, 16,000 public visitors and 900 school students have visited Oriel, with 95% declaring they learned more about Science and 98% willing to recommend Oriel to a friend.

## FINANCIAL AND RISK MANAGEMENT

### CASH FLOW

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best return whilst minimising risk. The University's short-term deposits are currently managed by Royal London Asset Management, the performance of which is monitored by the Investment Sub-Committee against pre-determined benchmarks.

### BORROWING POLICY

During the year, the University drew down a further £60 million loan from the EIB.

Alongside its policies for sourcing funding the University is also concerned to manage the risks and minimise the inherent inflexibility of long-term arrangements. When borrowing, the University is guided by the following principles:

- To avoid exposure to potentially unaffordable increases in interest rates
- To preserve flexibility to restructure borrowing and interest rate exposure independently
- To maximise the advantage conferred by the University's covenant
- To keep the quantum of debt to a level that can be safely serviced by operating cash flow and that is consistent with the University's banking covenants
- To structure the overall repayment profile to contain pressure on cash flow.

Swansea University is required to comply with financial covenants issued by the EIB under the Finance Agreement in relation to debt servicing, gearing and liquidity. The University's management regularly monitor compliance with covenants when considering any material investments in University infrastructure.

### BANK COVENANT COMPLIANCE

The University's borrowing from the European Investment Bank (EIB) is subject to three performance covenants which are measured annually by reference to the financial statements. For the year to 31 July 2019 there was a breach of the covenant relating to the amount of net cash flow from operating activities relative to debt servicing costs. The University expects to reverse this position in subsequent years following action taken to improve its financial performance.

The University has been in discussion with EIB in relation to the covenant breach and has subsequently been granted a waiver for this breach.

### MONEY MANAGEMENT AND LIQUIDITY

A high proportion of the University's income is received on a fixed, pre-notified schedule. This allows the University to maintain positive cash balances and avoid reliance on short-term borrowings. Excess cash balances are usually transferred into money-market deposits. To date, the bulk of these are managed in a mutual account on the University's behalf and have a maturity profile that balances risk and return whilst reflecting the University's capital investment plans.

In the light of current uncertainty in the markets, the University continues to monitor its deposits actively.

The University also holds funds to support the provision of scholarships, prizes and other endowed activities. These funds are invested in a mix of equities, fixed term stocks and bonds, cash and other instruments designed to generate income whilst protecting the real value of the underlying capital.

### MODERN SLAVERY

#### Introduction from the Registrar and Chief Operating Officer

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31st July 2020.

#### Organisational Structure

Swansea University is an ambitious, research-intensive institution with more than 20,000 students and just over 3,000 staff.

The University's governing body, the Council, has general control over the University and its affairs, purposes and functions.

The Senior Management Team has operational responsibility for the University. The University Management Board is the senior management and operational committee of the University, consisting of the Vice-Chancellor, the Pro-Vice-Chancellors, the Heads of Colleges, the Registrar, the Director of Finance and two representatives of the Directors of key administrative operations. This body provides a forum for building common purpose across the Institution and for advising the Vice-Chancellor and other senior officers of the University on matters relating to their portfolio responsibilities.

### Supply Chains

Swansea University has a global supply chain, comprising of a range of suppliers delivering goods, services and works to the University.

#### Our policies on slavery and human trafficking

During the year to July 2019 the University acted responsibly to ensure compliance with the Modern Slavery Act 2015. Swansea University is committed to working towards ensuring there is no modern slavery or human trafficking in our supply chains or in any part of our business.

In light of the obligation to report on measures to ensure that all parts of our business and supply chain are slavery free, we will review our workplace policies and procedures to assess their effectiveness in identifying and tackling modern slavery issues. The publication of this statement is also a requirement of the Welsh Government Ethical Employment in Supply Chains Code of Practice, which the University committed to becoming a signatory to alongside all Universities in Wales in July 2017. Swansea University is working towards achievement of the commitments of the Code of Practice, which includes encouraging our suppliers to similarly adopt the Code.

#### Due diligence processes for slavery and human trafficking

Swansea University undertakes to consider due diligence processes in our own business and that of our supply chain. We will put systems in place to identify, assess and monitor potential risk areas in our supply chains in order to mitigate those risks.

Swansea University is a member of the Higher Education Purchasing Consortium Wales (HEPCW). HEPCW works effectively alongside its counterpart UK Universities Purchasing Consortia. The joint contracting programme provides a comprehensive and mature collaborative portfolio, which includes some of the high-risk categories such as office supplies, laboratory consumables, ICT equipment and some estates (facilities management) services.

Swansea University is working collaboratively with HEPCW and within the HE Purchasing Consortia to identify the suppliers in these high-risk categories, in relation to slavery and human trafficking, and has signed up to the Welsh Government's Transparency in Supply Chains (TISC) Register.

Tenders conducted by Swansea University require bidders to confirm compliance with the Modern Slavery Act 2015 as part of a mandatory requirement of the selection process, and all new suppliers to the University are also required to confirm their compliance with the Legislation.

#### Mitigating Risk by Supplier adherence to our values

Many of our suppliers in these higher-risk categories have committed to the Base Code of the Ethical Trading Initiative (ETI) and the UK Universities Purchasing Consortia are working to persuade the remaining suppliers in these categories to join them. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice, requiring that:

1. Employment is freely chosen;
2. Freedom of association and the right to collective bargaining are respected;
3. Working conditions are safe and hygienic;
4. Child labour shall not be used;
5. Living wages are paid;
6. Working hours are not excessive;
7. No discrimination is practiced;
8. Regular employment is provided; and
9. No harsh or inhumane treatment is allowed.

In addition, Swansea University was the first in Wales to achieve Fairtrade status. The University's Campus Catering division has a strong commitment to sustainability, Fairtrade, and to local purchasing. Fairtrade is about better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world.

Swansea University is officially affiliated to the Worker Rights Consortium (WRC). The WRC is an independent, non-political labour rights monitoring organisation, which collaborates with workers, non-governmental organisations, and other universities and colleges, to improve the conditions of workers in the garment industry.

By affiliating with the WRC, the University agrees to adopt a code of conduct to consider issues such as wages, hours of work, overtime compensation, freedom of association, workplace safety and health, women's rights, child and forced labour, harassment and abuse in the workplace and non-discrimination.

Swansea University was the first Welsh organisation to affiliate to Electronics Watch. Electronics Watch is an independent monitoring organisation that helps public sector buyers work together to ensure respect for labour rights and safety standards in factories that make the ICT hardware they buy. By operating on an affiliations basis, Electronics Watch allows public buyers to share the cost of monitoring suppliers with the whole network of affiliates and coordinate industry engagement. Swansea University is working in affiliation with Electronics Watch to therefore develop transparency through its supply chain to lower tier suppliers, to mitigate the risk of unethical employment practices, for example conflict minerals supplied to electronics manufacturers.

Finally, in 2019/20 Swansea University participated actively in the Equiano tool pilot. Equiano is a supply chain human rights abuses assessment tool; Swansea University is currently reviewing our outcomes of the assessment in conjunction with the relevant suppliers.

#### Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our organisation, we intend to raise awareness of modern slavery. This awareness raising will be aimed at relevant levels and roles within the University. By identifying staff involved in the buying process, training will be provided to aid awareness, and to help in identifying risks in the supply chain that they are part of, utilising relevant resources available, for example Welsh Government Code, training literature etc.

Procurement staff will complete the Chartered Institute of purchasing and Supply (CIPS) 'Ethical Procurement and Supply' on-line training, or equivalent.

#### Our effectiveness in combating slavery and human trafficking

Swansea University has begun to integrate the Modern Slavery Act 2015 into our ISO14001 (2015) Environmental Management System and legal register, this will:

- support the development of University-wide key performance indicators;
- provide externally-audited assurance; and
- a mechanism to increase awareness throughout the University community.
- Consider appropriate legal clauses in contracts to manage and monitor suppliers more effectively.

#### Our Governance & Policies

This policy is integral to our procurement activities and was developed in collaboration between the Procurement and Corporate Responsibility teams.

#### Further steps for 2019/20

During the new Financial Year the University will explore the opportunity to review our Staff Whistleblowing Policy and consider ways to widen the scope to include supply chain in relation to the Modern Slavery Act.

The University is currently reviewing its Procurement Strategy and will implement sustainable ethical procurement practices which will include the requirements of the Modern Slavery Act. This will specifically include:

- Governance structure
- Risk assessments associated to categories
- Supplier assessment

Swansea University is committed to further developing understanding and effectiveness in this area, with an aim of achieving greater transparency within our supply chains and acting responsibly towards people working within them.

Swansea University Procurement and Sustainability teams continue to work closely to develop internal awareness training and strengthen internal policies and procedures in line with ISO standards.

Swansea University will continue to assess key risk areas within our spend portfolio and develop strategies to mitigate any potential risk.

## PRINCIPAL RISKS AND UNCERTAINTY

HEFCW define risk as 'the element of uncertainty which affects operational decisions and planned outcomes. Risk factors may be either positive opportunities or negative threats', essentially, the factors that help or hinder the achievement of our objectives. By identifying key risks to the achievement of our objectives, we are able to consider and plan our response to them. This helps us to minimise the impact of 'surprises' and to respond more effectively to possible opportunities.

Risk management is a process which provides assurance that objectives are more likely to be realised, damaging things are less likely to happen and beneficial things are more likely to be achieved.

At Swansea University, risks can be seen to exist at different levels:

- Corporate or strategic level
- College / school level
- Professional Services Unit (PSU) level
- Project level

Corporate or strategic level risks are managed by the University Senior Management Team (SMT) via the University Risk Register. Whilst ownership of risks is retained at a senior level of management, the mitigating actions are cascaded down the University organisation. In addition, all Colleges and all Professional Services Units at the University have individual risk registers to ensure that risks to their objectives are identified and that active risk management takes place. All projects are also expected to identify and mitigate risks on an on-going basis.

The University Risk Register is reviewed in a quarterly cycle by SMT. Colleges and PSUs are expected to review their Risk Registers at Management Team meetings and to mitigate any risks to their objectives on an on-going basis.

In the academic year 2018/19, the University Risk Register monitored 17 strategic and significant operational risks. At the end of July 2019, 2 were considered to have a risk rating of 9 (High, High) -

- **Student Recruitment** – Uncertainty surrounding home and international student numbers arising from BREXIT, changes to international tax laws and increased competition will affect our ability to meet forecasted student numbers and will impact our financial sustainability
- **IT System Resilience** – Lack of resilience in IT systems will result in a catastrophic loss of service at a critical point in the recruitment cycle e.g. clearing

Additional risks recorded on the University Risk Register include pension, the estate, compliance, Learning and Teaching, research, student experience, leadership, Health & Safety and the Augar Report.

## KEY PERFORMANCE INDICATORS

The University utilises a number of Key Performance Indicators (KPIs) to assist in the monitoring of the University against its objectives. A selection of the main KPIs are shown below. Where possible, 2018-19 figures are reported but in some cases the most recent HESA data available will relate to 2017-18.

Students	
Numbers	Outcomes
<ul style="list-style-type: none"> <li>• 17,387 applications (18-19)</li> <li>• 18,500 total undergraduates (18-19)</li> <li>• 3,696 total postgraduates (18-19)</li> <li>• 18% overseas students (18-19)</li> </ul>	<ul style="list-style-type: none"> <li>• 88% of students are satisfied (NSS 2019)</li> <li>• 80.4% achieved a First or 2:1 degree (18-19)</li> <li>• 86% secured a graduate level job or further study within 6 months (DLHE 2018)</li> </ul>

Staffing	
Total staff (FTE 17-18)	Academic staff (FTE 17-18)
3,290	1,510

Performance
<p><b>UK Top 30 for Research Excellence</b> – REF2014 ranked 26th (up 26 places)  <b>Gold rated for Teaching Excellence</b> in the Teaching Excellence Framework 2018</p> <p><b>University of the Year</b> – WhatUni Student Choice Awards 2019</p> <p><b>UK Rankings</b>            UK Top 30 (30th) in the Times Good University Guide 2019            31st Guardian University Guide 2020            35th Complete University Guide 2020</p> <p><b>World Rankings</b>            462 QS World university Rankings 2019            251-300 THE World University Rankings 2019</p>

## STUDENT KEY PERFORMANCE INDICATORS

KPI	Undergraduate degree success – Proportion obtaining 1st / 2.1 class degree	
Measuring	Success in supporting students in their learning experience	
Year	2017-18	2018-19
	77.8%	80.6%

Source: Internal Data

KPI	Graduate Employability	
Measuring	Success in supporting graduates to obtain a professional level job, go on to further study or both within 6 months after graduating	
Year	2016-17	2017-18
	82.6%	85.6%

Source: Destination of Leavers from Higher Education 2017 and 2018

KPI	Student Satisfaction		
Measuring	Student satisfaction with quality of teaching and student experience		
Year	Teaching Quality (%)*	Student Experience (%)*	Overall satisfaction (%)*
2018-19	81.1*	82.3*	88.3
2017-18	80.8*	81.4*	89.3

Source: NSS 2018 and 2019

KPI	Staff / Student ratio		
Measuring	Number of students per academic staff member		
Year	Number of students	Number of academic staff	Student / Staff Ratio
2017-18	17,135	1,110	15.4
2016-17	16,389	1,062	15.4

Source: Derived from HESA data as used in UK League Tables



## DIVERSITY – STUDENTS

KPI	Percentage of students from disadvantaged (widening access) background	
Measuring	Success at attracting under-represented groups in to higher education	
Year	Welsh Index of Multiple Deprivation (%)	Low Participation Neighbourhoods (%)
2017-18	34.4%	10.1%
2016-17	34.9%	9.8%

Source: HEFCW National Measures

KPI	Proportion of Male and Female Students	
Measuring	Gender balance	
Year	Male	Female
2017-18	53.6% (10,950)	46.4% (9,465)
2016-17	53.5% (10,205)	46.5% (8,905)

Source: HESA data

KPI	Proportion of students with a disability	
Measuring	Participation rates of disabled students at the University	
Year	Disability	No Disability
2017-18	11.7% (2,390)	88.3% (18,025)
2016-17	10.8% (2,075)	89.2% (17,090)

Source: HESA data

KPI	Ethnicity (UK Students) – Proportion of students who are BAME	
Measuring	Participation rates of Black and Minority Ethnic Students	
Year	BAME	Not BAME
2017-18	2,050 (12.4%)	14,525 (87.6%)
2016-17	1,815 (11.6%)	13,835 (88.4%)

Source: HESA data

KPI	International Students	
Measuring	Ability to attract international students / promote student diversity	
Year	UK	Non-UK
2017-18	16,765 (82.1%)	3,650 (17.9%)
2016-17	15,650 (81.7%)	3,510 (18.3%)

Source: HESA data

## DIVERSITY – STAFF

KPI	Gender	
Measuring	Gender balance of staff	
Year	Male	Female
2017-18	1,620 (47.6%)	1,905 (52.4%)
2016-17	1,445 (45.9%)	1,705 (54.1%)

Source: HESA data (Full person equivalent).

KPI	Females in senior roles	
Measuring	Female staff in the Senior management Team – internal metric	
Year	2017-18	2018-19
	1 (14.3%)	1 (14.3%)

## STUDENT NUMBERS

All Students	Home	Overseas	Total	FTE Load Home	FTE Load Overseas	FTE Load Total
Full-Time Undergraduate	13,820	2,993	<b>16,813</b>	11,729	1,643	<b>13,372</b>
Part-Time Undergraduate	1,557	130	<b>1,687</b>	184		<b>184</b>
Full-Time Taught Postgraduate	1,018	677	<b>1,695</b>	855	614	<b>1,469</b>
Part-Time Taught Postgraduate	1,003	45	<b>1,048</b>	290	1	<b>291</b>
Full-Time Research Postgraduate	629	168	<b>797</b>	571	150	<b>721</b>
Part-Time Research Postgraduate	134	22	<b>156</b>	67	6	<b>73</b>
Non-Business Planning Funded CHHS	1,485	3	<b>1,488</b>	1,485	3	<b>1,488</b>
	<b>19,646</b>	<b>4,038</b>	<b>23,684</b>	<b>15,181</b>	<b>2,417</b>	<b>17,598</b>

## FINANCIAL KEY PERFORMANCE INDICATORS

KPI	Debt Service Ratio - Institution
<b>Measuring</b>	Proportion of gross income spent on financing debt (principal plus interest)
<b>Year</b>	
2018-19	3.12%
2017-18	3.66%

**Comment:** The decrease in the debt service ratio represents the repayment in full of a small loan during 2018. A new £60 million loan was drawn down during 2019, however, no repayments were made and only a small amount of interest was accrued. There was one further service concession arrangement entered into during the year; however, this was of relatively low value.

KPI	Net Gearing Ratio - Institution
<b>Measuring</b>	Proportion of debt financing to equity
<b>Year</b>	
2018-19	95.05%
2017-18	54.73%

**Comment:** The net gearing ratio has increased due to an additional loan (£60 million) and an additional service concession arrangement (£6 million) along with a significant increase in the USS pension provision (£58 million) due to a change in expected contributions.

KPI	Days liquid net assets to expenditure - Institution
<b>Measuring</b>	Liquidity – the ability to pay the University's costs
<b>Year</b>	<b>Days</b>
2018-19	85
2017-18	80

**Comment:** The University aims to hold at least 35 days' expenditure in liquid assets.

KPI	Liquidity - Consolidated
<b>Measuring</b>	Debt servicing cost for the year as a % of cash flow from operating activities
<b>Year</b>	
2018-19	(59.86)%
2017-18	24.04%

**Comment:** Cash flow from operating activities decreased substantially during 2019. This was due to a significant increase in debtors, as a result of grants payable to the University, along with a reduction in the cash surplus generated from operating activities rather than investing and financing activities.

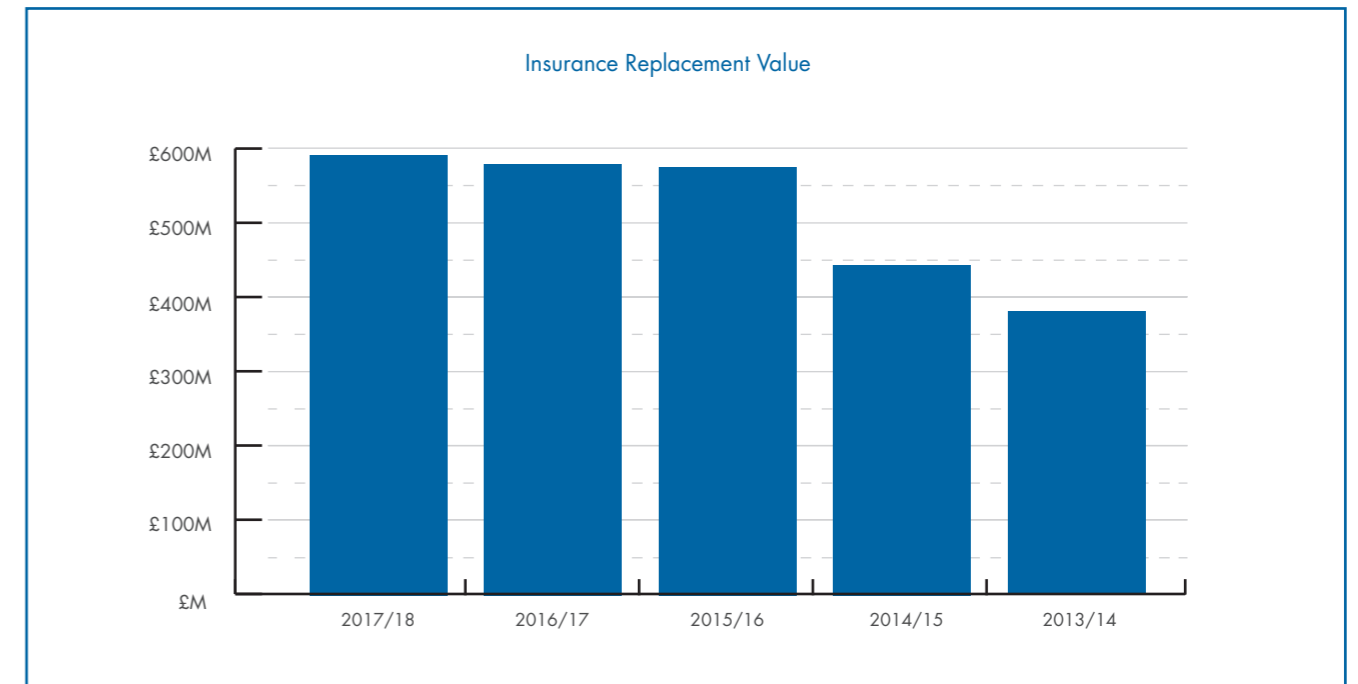
## RESEARCH

KPI	New research projects	Research grants awarded growth
<b>Measuring</b>	Number of new research projects	Value of new contracts
<b>Year</b>	<b>Actual</b>	<b>Actual (£m)</b>
2018-19	330	63.1
2017-18	367	73.7

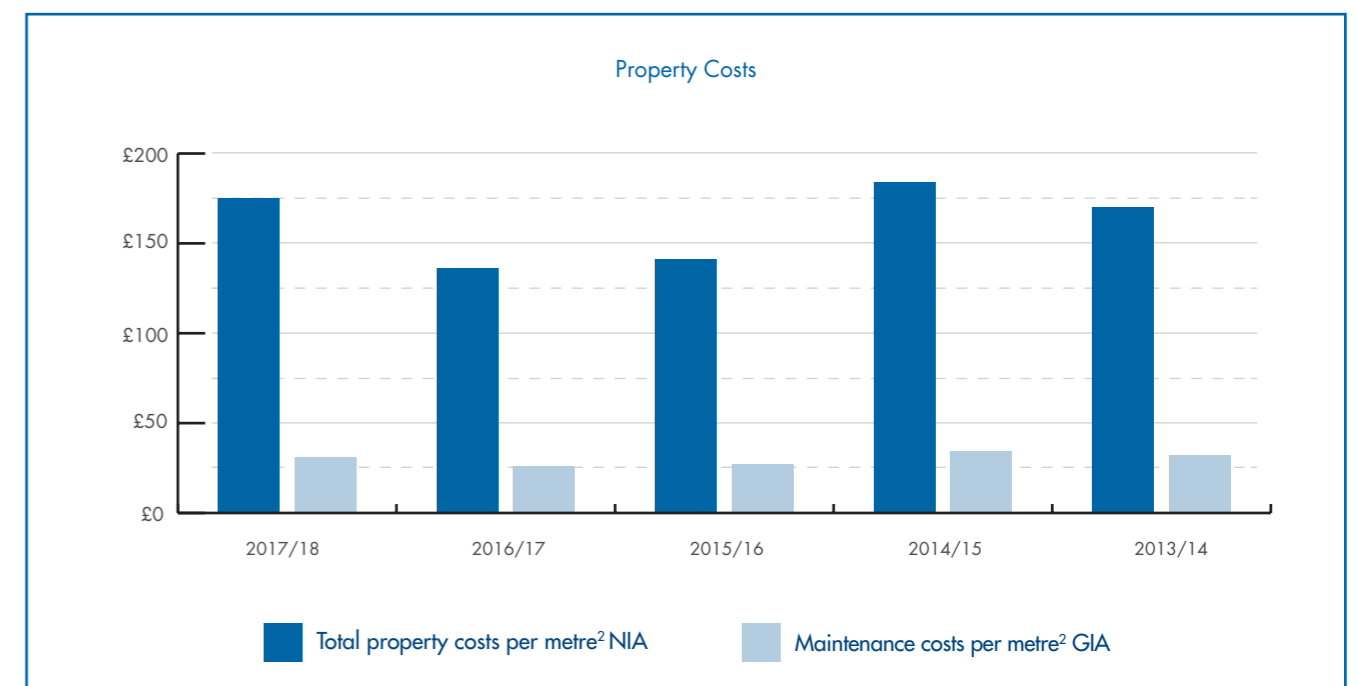
## ESTATES KEY PERFORMANCE INDICATORS

The data used has been extracted from the latest release (2017-2018) of the Higher Education Statistics Agency data report.

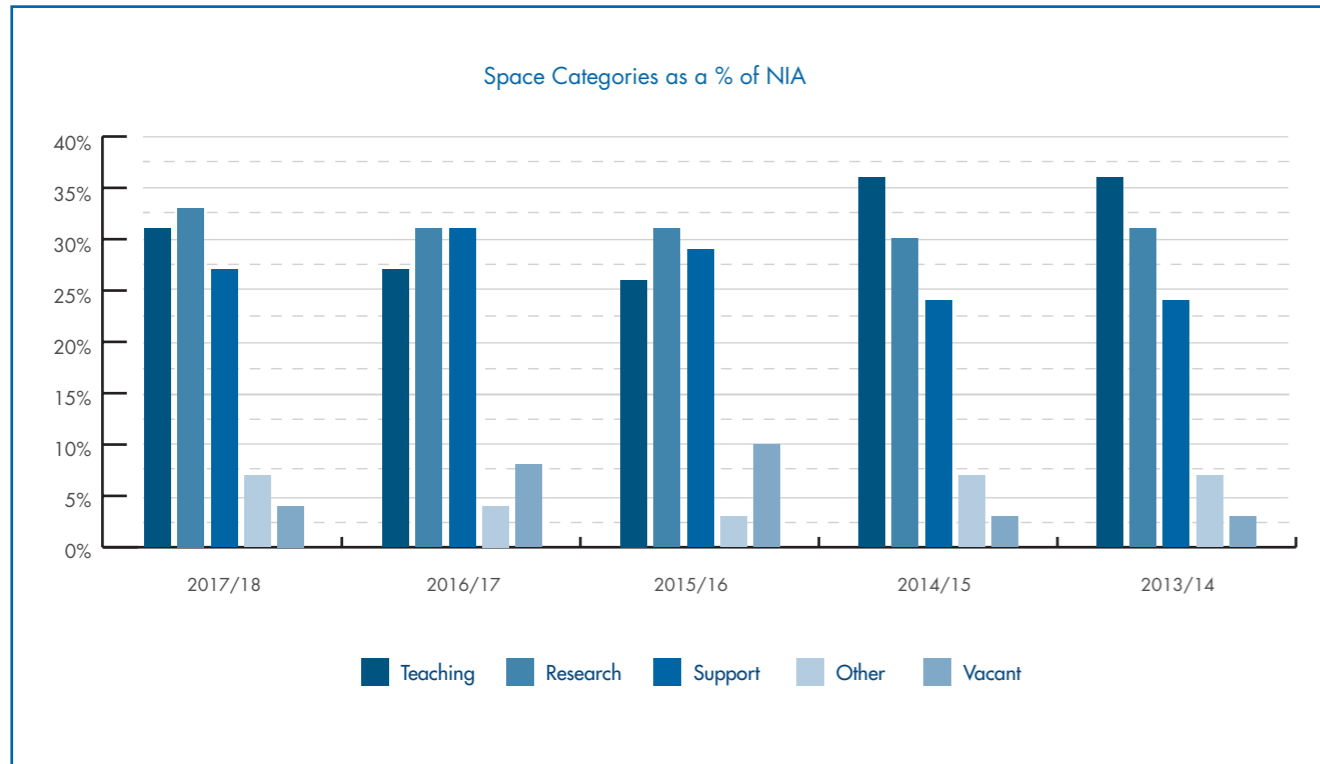
## Total current cost of re-building the whole estate



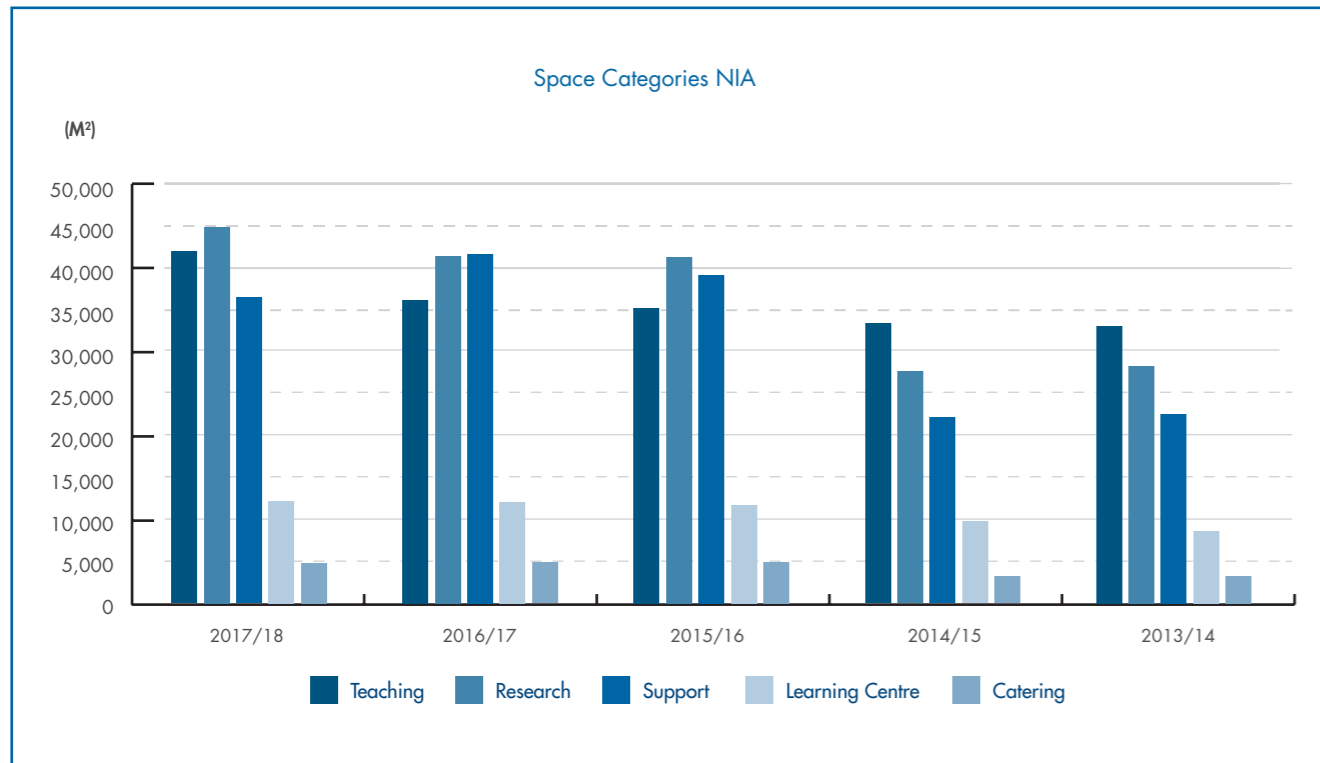
## Total incurred property management costs for the whole estate



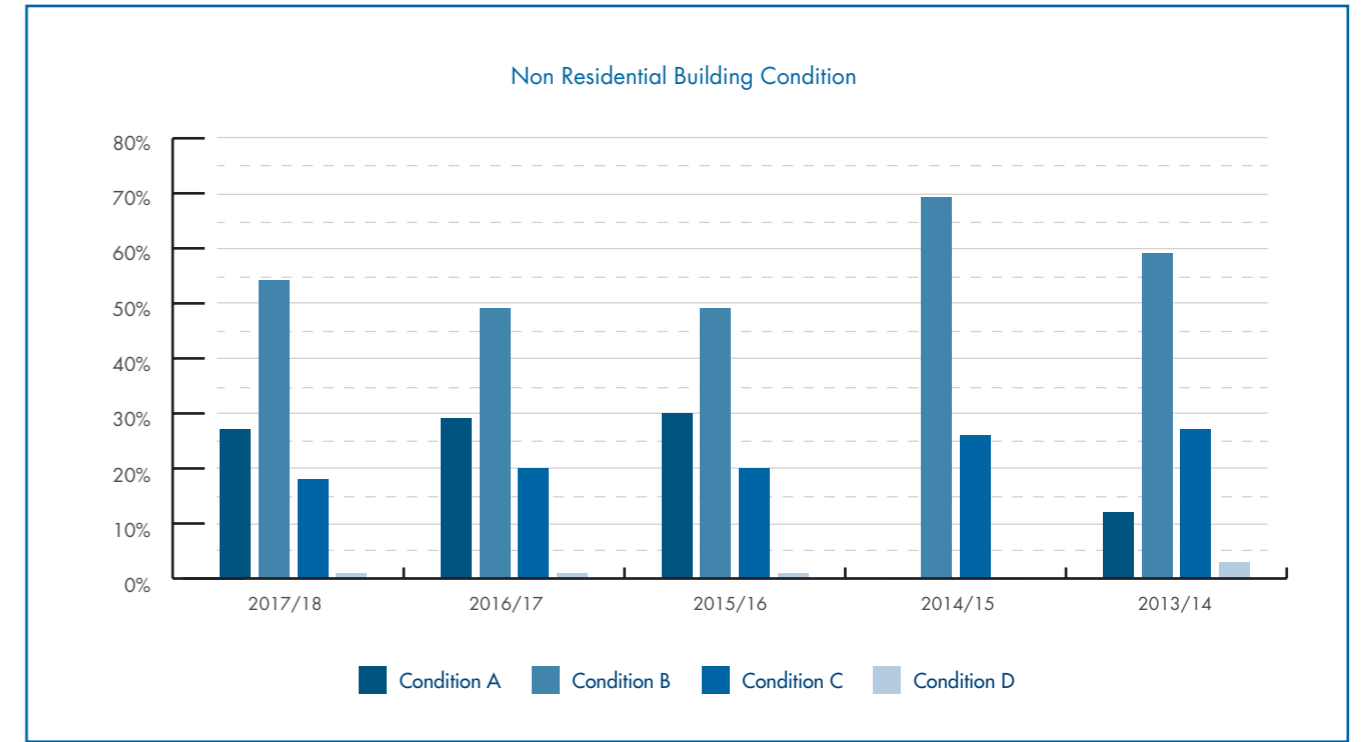
Total space occupied as a % by various categories with the whole University



Total space occupied in metres of various categories with the whole University

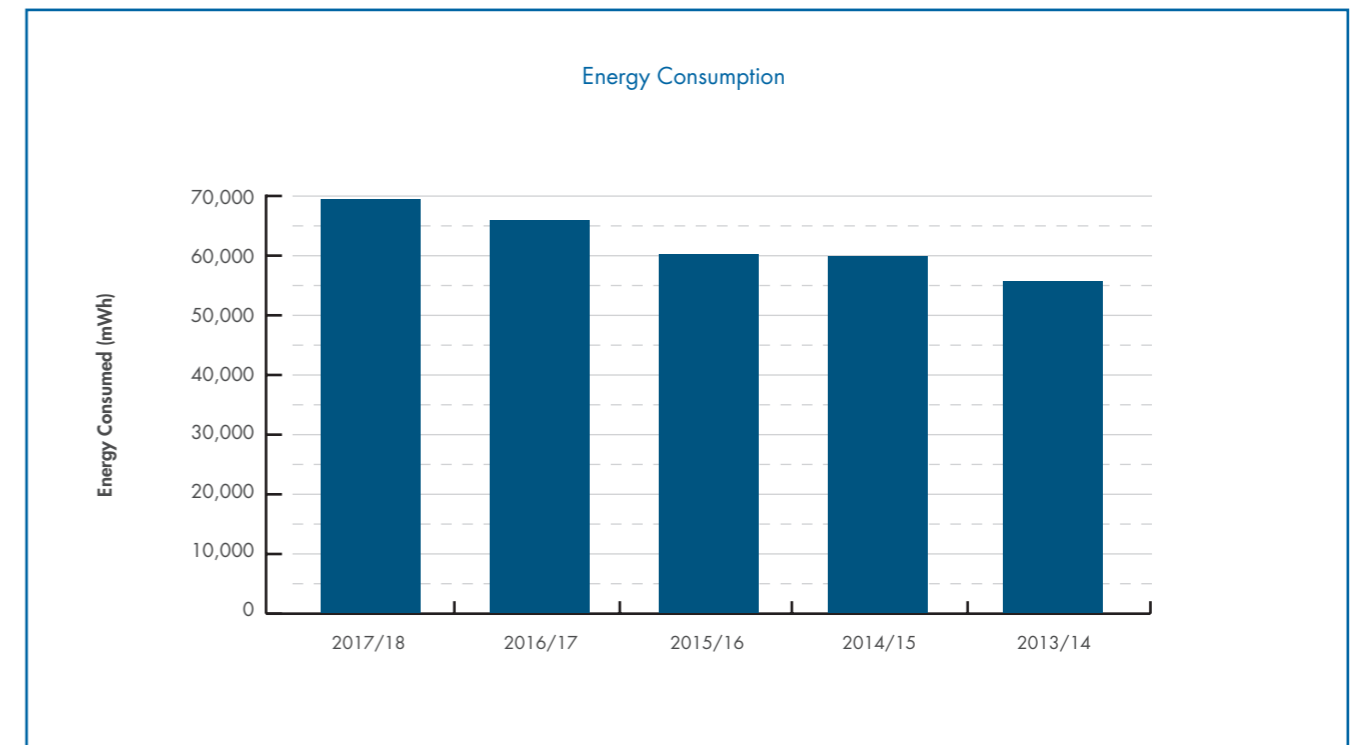


Building Condition using RICS Methodology



A : As New  
 B : Sound operationally, safe and exhibits only minor deterioration  
 C : Operational but major repair / replacement needed  
 D : Inoperable /significant risk of failure or breakdown

The consumption of energy for the entire site

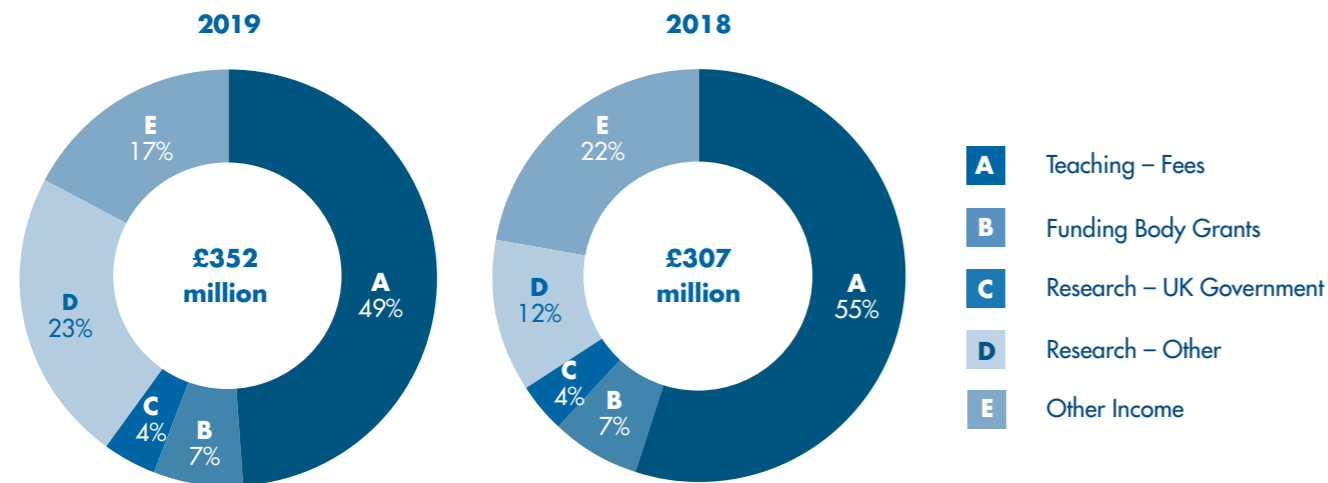


## FINANCIAL REPORT OF THE INSTITUTION

### INTRODUCTION

The Financial Statements for 2019, along with prior year comparative figures, have been prepared under the accounting standard FRS 102 and the Higher Education SORP.

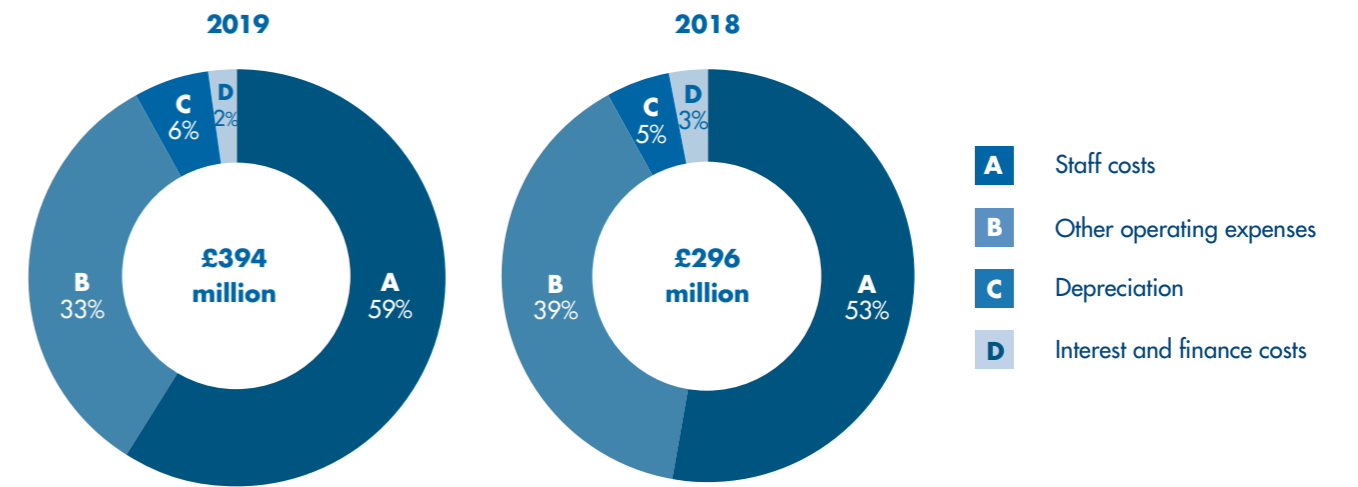
### INCOME



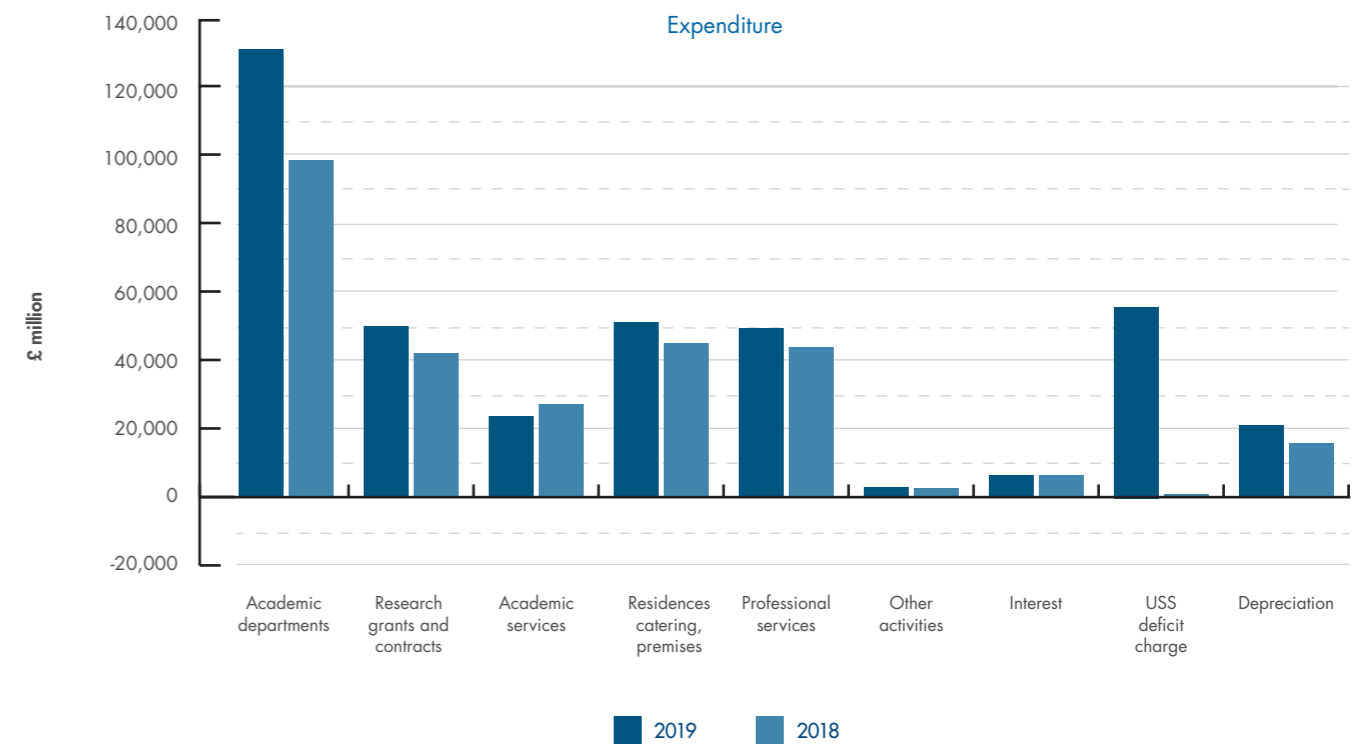
Income increased by 14.7%, up from £307 million to £352 million between 2018 and 2019. Whilst the most significant increase in the year was in research income, tuition fees also increased by 1.5% and recurrent funding body grants by 18.4%. Research income increased by 83.1% in the year from £52 million to £95 million. However, included within research in 2019 was a £32 million release of capital grant income. Other Income reduced by £6 million due to a one off receipt in 2018 (£5 million) and no further royalties being received after 2018 (£2 million).

### EXPENDITURE

Expenditure increased by 33% in 2019, rising from £296 million to £394 million.

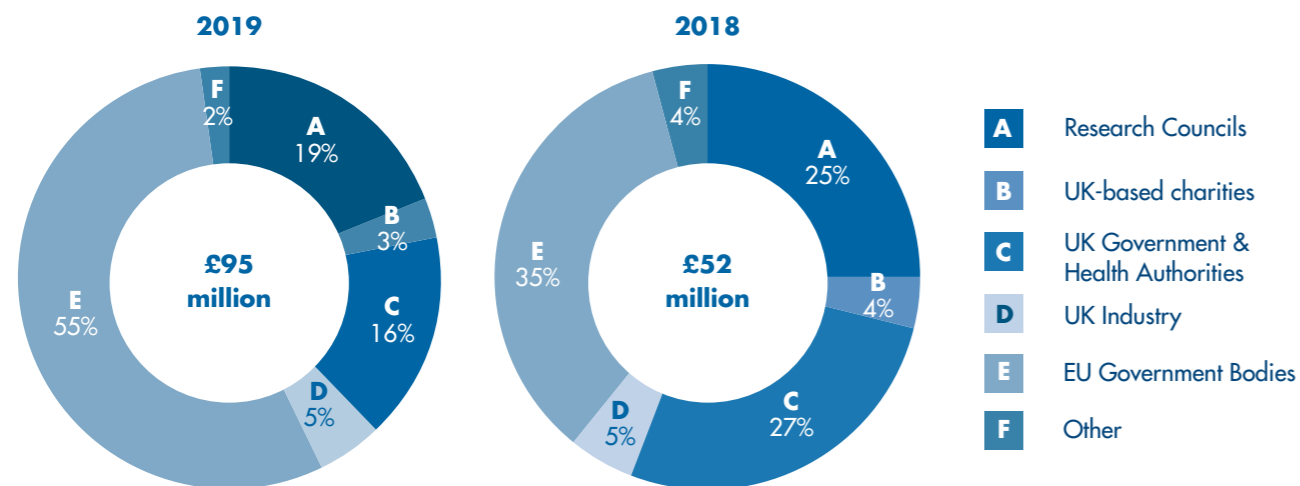


A further analysis of expenditure is shown below, analysing costs per category of activity (before interest and depreciation).



The University's income is largely spent on running the University day-to-day. Any remaining funds are reinvested back to provide high quality facilities across the University. This reinvestment ultimately increases the depreciation charge year on year. A one off charge was recognised in the year of £58 million relating to the USS deficit funding. This charge was not a cash payment made, rather an accounting entry representing where the actual contribution experience differed from past expectations.

## RESEARCH



Research has increased by 83% in 2019 rising from £52 million to £95 million. Within research (EU Government Bodies) is the release of two capital grants totalling £32 million, this being investing income not operating income. Most categories of research have increased in the year including a 41% increase in Research Council funding up from £12.7 million to £17.9 million.

## BEQUESTS AND DONATIONS

During the year, the University received numerous donations and bequests including contributions towards scholarships and the University in general.

## BALANCE SHEET AND RESERVES

The decrease in the reserves in the year is largely due to the one off increase in USS pension provision of £58 million. Excluding the USS pension provision, the strength of the balance sheet remained stable, increasing very slightly (1%).

Fixed assets increased in the year due to the continued investment in the estate, the purchase of new equipment and an increase in service concession arrangements.

Current assets increased due to an increase receivables and an increase in cash in the year. The increase in receivables was primarily due to a significant capital grant payable to the University along with numerous research grant claims awaiting receipt. The bank balance increased following the drawdown of a further £60 million loan from EIB during the year.

Total creditors in the year remained stable, after allowing for the drawdown of the £60 million additional loan from EIB. Of the total creditors at 31st July 2019, £191.5m has been classified as falling due within 1 year (2018: £81.1million). This increase reflects the treatment of the EIB loans as repayable within one year (£111.3million) following the breach of the University's banking covenants. Subsequently EIB have waived the covenant breach and had this waiver been received at 31st July 2019 then £108.8million would have been classified at creditors falling due after more than one year.

The consolidated pension provision as at 31st July 2019 was £148.6 million (2018: 77.1m). The majority of the increase was due to additional provision for the Universities Superannuation Scheme (USS) of £58.4million following the failure to agree the March 2018 valuation at the balance sheet date. This was subsequently agreed and £39million of this provision is anticipated to be released in the year to 31 July 2020. This has been treated as a non adjusting post balance sheet event.

An additional £13million has been provided for in relation to Swansea University Pension Scheme (SUPS).

## FINANCIAL MANAGEMENT

The financial management of the University is becoming more complex as a result of the funding and financing arrangements. Financing methods such as the EIB loan along with significant Service Concession Arrangements have resulted in the University increasing its attention to financial management and, in particular, to cash flow management as it seeks to satisfy financial covenants, optimise liquidity and gearing levels and strive for financial stability.

## OUTLOOK

The University continues to invest in its estate, albeit at a lower level than recent years, which will positively impact upon its future financial position. It is doing so at a time when there is continuing uncertainty (including Brexit) and reductions in the level of funding available to the sector in future years.

Against the wider economic backdrop, there will be challenging times ahead for the University. However, with strong leadership and workforce the University is confident of successfully making progress in its strategic plans, and achieving its objectives. The University's growth in recent times and advances up through the sector league tables, means that the University is well positioned to respond to these challenges.

## CORPORATE GOVERNANCE

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1920. Its objects, powers and framework of governance are set out in the Supplemental Charter and its supporting Statutes, the latest amendments to which were approved by the Privy Council in 2007. The University registered as a charity in October 2010 (1138342).

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities:

**The Council** is the governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution.

The Council endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and continues to seek to align with the Higher Education Code of Governance that was first published in December 2014 and revised in 2018 by the Committee of University Chairs.

In respect of the year ended 31 July 2019, the Council can report that there was no element of the Governance Code of Practice with which the University's procedures was not consistent. The University undertakes regular Council effectiveness reviews in accordance with the CUC Higher Education Code of Governance and during the year undertook a full External Effectiveness Review, which concluded that the Council was discharging its duties appropriately and effectively as the governing body of the University. The report did however identify a number of enhancements and improvements to ensure the University continued to align with the Code, and the Council has agreed an action plan for delivering these enhancements.

The University is committed to the highest standards of openness, probity and accountability, and seeks to conduct its affairs in a responsible manner and has in place a Public Interest Disclosure policy to enable staff, students and other members of the University to raise concerns which are in the public interest.

The Council has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. The membership also includes staff and students. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work they do for the University.

**The Senate** is the academic authority of the University and draws its membership from the academic staff and students of the institution. Its role is to direct and regulate the teaching and research work of the University.

**The Court** is a large, mainly formal body. It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of Court can raise any matters about the University. The Court normally meets once a year to receive the annual report and audited financial statements of the University. Most members of the Court will be from outside the University, representing the local community and other designated bodies with an interest in the work of the University. The membership also includes representatives of the staff of the University (both academic and non-academic) and the student body.

The chief executive and principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal financial memorandum between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the accounting officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

Although the Council meets at least four times each academic year, much of its detailed work is initially handled by committees, in particular the Finance Committee, the Human Resources Policy Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee.

The role of each of these committees is set out below:

The **Finance Committee** advises Council on the financial implications of strategic plans and major projects and approves detailed operating budgets for submission to Council. In addition, the Committee monitors on-going financial performance against budget and advises Council on the funding implications of capital plans.

The **Human Resources Policy Committee** advises Council on policies relating to the human resources of the University in the context of the University's strategy, legislative changes and good employment practice.

The **Nominations Committee** helps ensure that the University's committee structure remains "fit for purpose" and operates effectively. It manages, on behalf of Council, changes to the constitutions, membership and terms of reference of the committees established by Council. It also makes recommendations to Council for the appointment of the lay officers of the University and for co-options to Council.

The **Remuneration Committee** determines the annual remuneration of the Vice-Chancellor, professorial and senior professional staff.

The **Audit Committee** meets at least four times a year, including once with the external auditors to discuss audit findings and to review the University's financial statements and accounting policies. The Committee meets with the internal auditors to consider the review of internal control systems and to address recommendations for the improvement of such systems. It also receives and considers reports from the Funding Council as they affect the University's business, and monitors adherence to the regulatory requirements.

All of these committees are formally constituted with terms of reference and a membership which includes lay members of Council. The committees are chaired by a lay member of Council. In the case of the Audit Committee, all the members are independent of the University's management, although senior executives attend meetings as necessary.

As chief executive of the University, the Vice-Chancellor exercises considerable influence over the development of institutional strategy, the identification and planning of new developments, and the shaping of the institutional ethos. The Pro-Vice-Chancellors and the senior professional officers all contribute in various ways to these aspects of the work, but ultimate authority rests with the Council. The University maintains a register of interests of members of the Council, which may be consulted by arrangement with the Secretary to Council. The role of the Secretary to Council is defined in the University's ordinances and the Secretary to Council also acts as the Secretary to some of the Committees of Council.

## STATEMENT OF COUNCIL'S RESPONSIBILITIES

### INTRODUCTION

In accordance with the University's Charter of Incorporation, the Council is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and to enable the University to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation; the Accounts Direction issued by the Higher Education Funding Council for Wales; the Statement of Recommended Practice on Accounting for Further and Higher Education 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 Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council has ensured that:

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

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going-concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales (HEFCW) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council, 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.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and professional services departments
- a comprehensive medium and short - term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of financial results involving variance reporting and updates of forecast out - turns
- clearly defined and formalised requirements for approval and control of expenditure, with significant investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review by the Finance Committee
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Finance Committee
- a professional Internal Audit service whose annual programme is approved by the Audit Committee and whose head provides the Council, through the Audit Committee, with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

The key elements of the University's system of risk identification and management, which is designed to discharge the responsibilities set out above, include the following:

- linking the identification and management of risk to the achievement of institutional objectives through the annual planning process
- evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls
- having review procedures that cover business, operational, compliance and financial risk
- embedding risk assessment and internal control processes in the ongoing operations of all units
- reporting regularly to Audit Committee, and then to Council, on internal control and risk
- reporting annually to Council the principal results of risk identification, evaluation and management review.

Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Council is of the view that there is a formal on-going process for identifying, evaluating, and managing the University's significant risks that has been in place for the year ending 31 July 2019, and up to the date of approval of the financial statements. This process is regularly reviewed by the Council.

**Sir Roderick Evans**

Chair of Council

*Approved at Swansea University Council on 25th November 2019*

## INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF SWANSEA UNIVERSITY (THE "INSTITUTION")

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

In our opinion, Swansea University's group financial statements and institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the institution's affairs as at 31 July 2019, and of the group's and institution's income and expenditure, gains and losses, and changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements, included within the Operating and Financial Review 2018-19 (the "Annual Report"), which comprise: the consolidated and institution Balance Sheets as at 31 July 2019; the consolidated and institution Statements of Comprehensive Income for the year then ended; the consolidated and institution Statements of Changes in Reserves for the year then ended; the consolidated Statement of Cash Flows for the year then ended; and the Statement of Principal Accounting Policies; and the notes to the financial statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent institution's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's and parent institution's activities, students, suppliers and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### Trustees' Report:

Under the Charities Act 2011 we are required to report to you if, in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the Council for the financial statements

As explained more fully in the Statement of Council's Responsibilities set out on page 26, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group and institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group and institution or to cease operations, or has no realistic alternative but to do so.

##### Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the institution's Council as a body in accordance with the Charters and Statutes of the institution and section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



#### OTHER REQUIRED REPORTING

##### **Opinion on other matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and the Financial Management Code issued under the Higher Education (Wales) Act 2015**

In our opinion, in all material respects:

- the requirements of HEFCW's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;
- income has been applied in accordance with the institution's statutes;
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability, the Financial Management Code and any other terms and conditions attached to them; and
- funds provided by HEFCW have been used for the purposes for which they were received.

##### **Sufficiency of accounting records and information and explanations received**

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

- sufficient accounting records have not been kept by the parent institution; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

#### PRICEWATERHOUSECOOPERS LLP

Chartered Accountants and Statutory Auditors  
Cardiff  
29 November 2019

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with FRS102 and the Higher Education Statement of Recommended Practice.

### 1. BASIS OF PREPARATION

The financial statements presented to the Council have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with applicable accounting standards. Swansea University is a public-benefit entity and therefore has applied the relevant public-benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historic-cost convention (modified by the revaluation of fixed assets and the measurement of certain financial instruments at fair value).

The financial statements have been prepared on a going-concern basis. The Members of Council feel that this is appropriate as the University has considerable financial resources together with a significant value of contracted income over the medium term. The Members of Council review the forecasts and forecast covenant compliance throughout the year. Post year end it was identified that the forecasted cash flow statement for 2018-19 was incorrect resulting in the breach to one EIB loan covenant. The forecasted financial position for the year was not impacted, and post year-end EIB have granted a waiver in respect of the breach of the one covenant. As a result of the waiver being granted, it is reasonable that the financial statements are prepared on a going concern basis. The forecasts have now been corrected and reviewed, therefore the Members of Council are well placed to manage its business risks despite on-going changes in the sector funding.

Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in accounting policy note 19.

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Joint ventures are accounted for using the equity method.

### 2. INCOME RECOGNITION

Income from the sale of goods or services (exchange transactions) is credited to the Statement of Comprehensive Income when the amount of revenue can be reliably measured, the stage of completion at the end of the reporting period can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the University and when costs of services delivered or due to be delivered can be measured reliably.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income 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.

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.

Government grants including Funding Council block grant and research grants from Government sources and other grants and donations from non-government sources including research grants from non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

Capital Government grants for land are to be accounted for in line with the performance model as per the policy for Government Grants above.

Commercial research contracts are accounted for in line with the policy for income from the sale of goods or services (exchange transactions) above.

Other grants and donations received from non-government sources including research grants from non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and the performance-related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the Statement of Comprehensive Income when the University is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

Donations with no restrictions are recorded within the Statement of Comprehensive Income when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. 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.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institution can convert the donated sum into income.
4. 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.

### 3. ACCOUNTING FOR RETIREMENT BENEFITS

The three principal schemes for the University's staff are the Universities Superannuation Scheme (USS), the Swansea University Pension Scheme (SUPS), and the National Employment Savings Trust (NEST). SUPS was closed to new members from 1st January 2012 when new staff were invited to join NEST. The University also contributes to the NHS Pension Scheme.

USS and SUPS are defined-benefit schemes, which are externally funded and contracted out of the State Second Pension. Each fund is valued every three years by professionally qualified independent actuaries. NEST is a defined contribution scheme.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of each University, due to the mutual nature of the scheme. Therefore, the scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

#### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions of defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which the services are rendered by employees.

#### Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined-contribution plan. The Group's net obligation in respect of defined pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; the benefit is discounted to determine its present value, and the fair value of any plan assets (and any unrecognised past service costs) are deducted. The liability discount rate is the yield at the balance sheet date on AA-credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the group obligations. The calculation is performed by a qualified actuary using the projected unit-credit method. When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

#### 4. EMPLOYMENT BENEFITS

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render the service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement. Unused annual leave entitlement at 31 July is recognised as a creditor for administrative staff. There is no creditor for unused annual leave for academics as no obligation exists.

#### 5. FINANCE LEASES

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 6. SERVICE CONCESSION ARRANGEMENTS

Fixed assets held under service concession arrangements are recognised on the Balance sheet at the present value of the minimum lease payments when the assets are brought into use with the corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

The Bay Campus residences and Singleton residences are classified as Service Concession Arrangements.

#### 7. OPERATING LEASES

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

#### 8. FOREIGN CURRENCY

Transactions in foreign currencies are translated to Pound Sterling at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### 9. FIXED ASSETS

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and Buildings were revalued to fair value on the date of transition to the 2015 HE SORP. These are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation. The difference between the revalued amount and historical cost is credited to a revaluation reserve. An amount equal to the depreciation in excess of that on the historical cost basis is transferred from the revaluation reserve to retained earnings on an annual basis.

Where parts of the assets have different useful lives, they are accounted for as separate items of fixed assets.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the University of between 12 and 75 years.

No depreciation is charged on assets in the course of construction and depreciation is accelerated when there is a known demolition date.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years.

#### Equipment

Equipment costing less than £25,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its useful expected life. The useful expected life is 3-5 years except in exceptional circumstances where the useful life is deemed longer or shorter.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Vessels

Vessels are stated at cost and depreciated over their useful expected lives.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

#### 10. HERITAGE ASSETS

Works of art and other valuable artefacts are capitalised and recognised at the cost or value of the acquisition, where a cost or value is reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

#### 11. INVESTMENT PROPERTIES

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

#### 12. INVESTMENTS

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly-controlled entities, subsidiaries and associates are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

#### 13. STOCK

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

#### 14. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of certain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

## 16. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

## 17. TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 of the Finance Act 2010 and accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

## 18. RESERVES

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanent restricted fund as the University must hold the fund to perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

## 19. SIGNIFICANT ESTIMATES AND JUDGEMENTS

Significant estimates and judgements used in the preparation of this financial information were as follows:

### Tangible Fixed Assets

Land and buildings were revalued on adoption of FRS102. The revaluation was performed by qualified quantity surveyors based upon their independent review of the estate and supporting information from the University.

During the revaluation of land and buildings the estimated useful lives of buildings were reviewed and updated by the independent surveyors based upon an assessment of the age and condition of the estate

### Recoverability of debtors

The policy for provision for bad and doubtful debts is specific for each class of debt and based on circumstances and post-year-end recovery of actual debts. Any non-provided debts are deemed recoverable.

### Retirement benefit obligations

The University operates its own scheme, Swansea University Pension Scheme (SUPS), which is a defined-benefit scheme (now closed to new members). Actuarial valuations of the scheme are carried out as determined by the Trustees at intervals of not more than three years.

Pension costs under the HE SORP and FRS102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries. The assumptions are based upon information supplied to the actuaries by the University, supplemented by decisions between the actuary and management. The assumptions are documented in note 30.

The Universities Superannuation Scheme (USS) is accounted for as a defined-contribution scheme as insufficient information is available to use defined-benefit accounting. However, as the University is contractually obliged to pay contributions into USS to fund past deficits, this obligation is provided for on the balance sheet.

The deficit-recovery plan put in place by USS sets out the proportion of annual contributions that relate to past-deficit recovery, and the period for which these are committed. These committed deficit contributions are re-assessed with each triennial valuation of the scheme, and form the basis of the provision, together with assumptions on appropriate inflation and discount factors.

## CONSOLIDATED AND INSTITUTION STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31st July 2019

		Consolidated	University	Consolidated	University
	Note	Year ended 31st July 2019 £m	Year ended 31st July 2019 £m	Year ended 31st July 2018 £m	Year ended 31st July 2018 £m
<b>INCOME</b>					
Tuition fees and education contracts	1	170.5	170.5	168.8	168.8
Funding body grants	2	25.1	25.1	20.6	20.6
Research grants and contracts	3	94.6	94.6	51.6	51.6
Other income	4	61.2	60.8	66.2	65.3
Investment income	5	0.7	0.7	0.5	0.5
<b>Total income before endowments and donations</b>		<b>352.1</b>	<b>351.7</b>	<b>307.7</b>	<b>306.8</b>
Donations and Endowments	6	0.3	0.3	0.5	0.5
<b>Total income</b>		<b>352.4</b>	<b>352.0</b>	<b>308.2</b>	<b>307.3</b>
<b>EXPENDITURE</b>					
Staff costs	7	177.9	177.5	158.4	158.0
USS pension deficit charge	7	56.9	56.9	(0.5)	(0.5)
Other operating expenses		130.8	131.1	116.6	116.1
Depreciation	11	22.1	21.9	15.6	15.5
Interest and other finance costs	8	7.3	7.3	6.9	6.9
<b>Total expenditure</b>	9	<b>395.0</b>	<b>394.7</b>	<b>297.0</b>	<b>296.0</b>
<b>(Deficit) / Surplus before other gains, losses and share of operating (Deficit) of joint ventures and associates</b>		<b>(42.6)</b>	<b>(42.7)</b>	<b>11.2</b>	<b>11.3</b>
Gain / (Loss) on disposal of fixed assets		0.1	0.1	(3.4)	(3.4)
(Loss) / Gain on investments		(0.9)	0.1	0.2	(0.2)
Share of operating deficit in joint venture	15	(0.3)	(0.3)	(0.4)	(0.2)
<b>(Deficit) / Surplus before taxation</b>		<b>(43.7)</b>	<b>(42.8)</b>	<b>7.6</b>	<b>7.5</b>
Taxation	10	(0.0)	-	(0.0)	-
<b>(Deficit) / Surplus for the year</b>		<b>(43.7)</b>	<b>(42.8)</b>	<b>7.6</b>	<b>7.5</b>
Actuarial (loss) / gain in respect of pension schemes	30	(13.0)	(13.0)	0.6	0.6
<b>Total comprehensive (expense)/income for the year</b>		<b>(56.7)</b>	<b>(55.8)</b>	<b>8.2</b>	<b>8.1</b>
<b>Represented by:</b>					
Endowment comprehensive income for the year	22	0.3	0.3	0.3	0.3
Unrestricted comprehensive (expense) for the year		(57.0)	(56.1)	7.9	7.8
		<b>(56.7)</b>	<b>(55.8)</b>	<b>8.2</b>	<b>8.1</b>

All items of income and expenditure relate to continuing activities.

## CONSOLIDATED AND INSTITUTION STATEMENTS OF CHANGES IN RESERVES

Year ended 31st July 2019

	Income and expenditure reserve		Revaluation reserve	Total
	Endowment	Unrestricted	£m	£m
	£m	£m	£m	£m
<b>CONSOLIDATED</b>				
<b>At 1 August 2017</b>	6.1	153.0	47.8	<b>206.9</b>
Surplus from the income and expenditure statement	0.3	7.3	-	<b>7.6</b>
Other comprehensive income	-	0.6	-	<b>0.6</b>
Transfers between revaluation and income and expenditure reserve	-	1.0	(1.0)	-
<b>At 31 July 2018</b>	<b>6.4</b>	<b>161.9</b>	<b>46.8</b>	<b>215.1</b>
<b>At 1 August 2018</b>	<b>6.4</b>	<b>161.9</b>	<b>46.8</b>	<b>215.1</b>
Surplus / (Deficit) from the income and expenditure statement	0.3	(44.0)	-	<b>(43.7)</b>
Other comprehensive expense	-	(13.0)	-	<b>(13.0)</b>
Transfers between revaluation and income and expenditure reserve	-	1.1	(1.1)	-
<b>Total comprehensive income/(expense) for the year</b>	<b>0.3</b>	<b>(55.9)</b>	<b>(1.1)</b>	<b>(56.7)</b>
<b>At 31 July 2019</b>	<b>6.7</b>	<b>106.0</b>	<b>45.7</b>	<b>158.4</b>
<b>UNIVERSITY</b>				
<b>At 1 August 2017</b>	6.1	152.5	47.8	<b>206.4</b>
Surplus from the income and expenditure statement	0.3	7.2	0.0	<b>7.5</b>
Other comprehensive income	0.0	0.6	0.0	<b>0.6</b>
Transfers between revaluation and income and expenditure reserve	0.0	1.0	(1.0)	<b>0.0</b>
<b>At 31 July 2018</b>	<b>6.4</b>	<b>161.3</b>	<b>46.8</b>	<b>214.5</b>
<b>At 1 August 2018</b>	<b>6.4</b>	<b>161.3</b>	<b>46.8</b>	<b>214.5</b>
Surplus / (Deficit) from the income and expenditure statement	0.3	(43.1)	0.0	<b>(42.8)</b>
Other comprehensive income	0.0	(13.0)	0.0	<b>(13.0)</b>
Transfers between revaluation and income and expenditure reserve	0.0	1.1	(1.1)	<b>0.0</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>0.3</b>	<b>(55.0)</b>	<b>(1.1)</b>	<b>(55.8)</b>
<b>At 31 July 2019</b>	<b>6.7</b>	<b>106.3</b>	<b>45.7</b>	<b>158.7</b>

## CONSOLIDATED AND INSTITUTION BALANCE SHEET

As at 31st July 2019

	Note	Consolidated	University	Consolidated	University
		31st July 2019	31st July 2019	31st July 2018	31st July 2018
		£m	£m	£m	£m
<b>NON-CURRENT ASSETS</b>					
Tangible fixed assets	11	458.6	457.6	438.7	437.5
Heritage assets	12	0.9	0.9	0.9	0.9
Investments	14	0.6	2.4	1.6	2.4
Investments in joint venture	15	2.3	2.3	2.5	2.5
		<u>462.4</u>	<u>463.2</u>	<u>443.7</u>	<u>443.3</u>
<b>CURRENT ASSETS</b>					
Stocks	16	0.1	0.0	0.2	0.1
Trade and other receivables	18	63.1	62.9	31.3	31.3
Investments	17	4.9	4.9	4.7	4.7
Cash and cash equivalents		89.5	86.9	64.2	61.8
		<u>157.6</u>	<u>154.7</u>	<u>100.4</u>	<u>97.9</u>
Less creditors falling due within one year	19	(191.4)	(189.0)	(81.0)	(78.7)
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(33.8)</u>	<u>(34.3)</u>	<u>19.4</u>	<u>19.2</u>
<b>Total assets less current liabilities</b>		<u>428.6</u>	<u>428.9</u>	<u>463.1</u>	<u>462.5</u>
Creditors: amounts falling due after more than one year	20	(121.5)	(121.5)	(170.9)	(170.9)
<b>PROVISIONS</b>					
Pension provision	21	(148.7)	(148.7)	(77.1)	(77.1)
<b>Total net assets</b>		<u>158.4</u>	<u>158.7</u>	<u>215.1</u>	<u>214.5</u>
<b>RESTRICTED RESERVES</b>					
Income and expenditure reserve - endowment reserve	22	6.8	6.8	6.4	6.4
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure reserve - unrestricted		105.9	106.2	161.9	161.3
Revaluation reserve		45.7	45.7	46.8	46.8
<b>Total reserves</b>		<u>158.4</u>	<u>158.7</u>	<u>215.1</u>	<u>214.5</u>

The financial statements were approved by Council on 25th November 2019 and were signed on its behalf on that date by:

Professor P Boyle (Vice-Chancellor)

R. Evans (Acting Chair of Council)

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st July 2019

	Note	31st July 2019	31 July 2018
		£m	£m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit)/surplus for the year		(43.7)	7.6
<b>Adjustment for non-cash items</b>			
Depreciation	11	22.1	15.6
Service Concession Income		(9.5)	(8.1)
Service Concession Interest		3.3	3.2
Loss / (Gain) on Investments		0.9	(0.2)
(Increase) / decrease in debtors		(17.3)	5.7
(Decrease) / Increase in creditors		(1.4)	9.1
Increase in pension provisions		58.5	0.6
Decrease in net assets in joint venture		0.3	0.5
<b>ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES</b>			
Investment income		(0.7)	(0.5)
Capital grant income		(36.4)	(5.4)
Interest payable		5.4	5.0
Endowment Income		(0.1)	(0.0)
(Profit) / Loss on the sale of fixed assets		(0.1)	3.4
<b>Net cash inflow from operating activities</b>		<u>(18.7)</u>	<u>36.5</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital grant receipts		24.2	11.2
Proceeds from sales of fixed assets		0.1	-
Payments made to acquire fixed assets		(32.8)	(46.9)
Investment income		0.7	0.5
New non-current asset investments		-	(0.2)
		<u>(7.8)</u>	<u>(35.4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(2.1)	(1.8)
Interest element of finance lease and service concession arrangements		(3.3)	(3.2)
Endowment cash received		0.1	0.0
New secured loans		60.0	-
Repayment of amounts borrowed		(3.3)	(3.8)
		<u>51.4</u>	<u>(8.8)</u>
<b>Increase / (Decrease) in cash and cash equivalents in the year</b>		<u>24.9</u>	<u>(7.7)</u>
Cash and cash equivalents at beginning of the year		62.0	69.7
Cash and cash equivalents at end of the year		<u>86.9</u>	<u>62.0</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st July 2019

	Consolidated 2019 £m	University 2019 £m	Consolidated 2018 £m	University 2018 £m
<b>1 TUITION FEES AND EDUCATION CONTRACTS</b>				
Full - time home and EU students	115.5	115.5	113.3	113.3
Full - time international students	37.3	37.3	38.7	38.7
Part - time students	3.8	3.8	3.9	3.9
Educational contracts with the NHS	13.6	13.6	12.8	12.8
Non-accredited course fees	0.3	0.3	0.1	0.1
	<u>170.5</u>	<u>170.5</u>	<u>168.8</u>	<u>168.8</u>

To generate the full - time home and EU tuition fee the University has spent £5.6 million (2018: £6.5 million) in relation to bursaries in accordance with the fee plan.

**2 FUNDING BODY GRANTS**

Grant received in year - recurrent	17.8	17.8	15.0	15.0
	<u>17.8</u>	<u>17.8</u>	<u>15.0</u>	<u>15.0</u>

**SPECIFIC GRANTS RECEIVED IN YEAR**

Widening Access / Reaching Wider	0.4	0.4	0.4	0.4
Other	2.9	2.9	0.6	0.6
Capital	4.0	4.0	4.6	4.6
	<u>7.3</u>	<u>7.3</u>	<u>5.6</u>	<u>5.6</u>
	<u>25.1</u>	<u>25.1</u>	<u>20.6</u>	<u>20.6</u>

**3 RESEARCH GRANTS AND CONTRACTS**

Research Councils	17.9	17.9	12.7	12.7
UK-based charities	2.6	2.6	2.2	2.2
UK government, health and hospital authorities	15.1	15.1	13.9	13.9
UK industry, commerce, public corporations	4.9	4.9	2.6	2.6
EU government bodies (including capital grants)	51.9	51.9	17.9	17.9
EU other	0.4	0.4	0.4	0.4
Other overseas	1.0	1.0	1.0	1.0
Other sources	0.8	0.8	0.9	0.9
	<u>94.6</u>	<u>94.6</u>	<u>51.6</u>	<u>51.6</u>

Included within EU government bodies above is £32,393k, being the release of two capital grants in the year.

**4 OTHER INCOME**

Residences, catering and conferences	27.5	27.5	27.7	27.7
Other services rendered	2.6	2.6	2.9	2.9
Capital grants	0.0	0.0	0.8	0.8
Other income	22.1	21.7	25.9	25.0
NHS income in respect of the College of Medicine	8.8	8.8	8.2	8.2
Research Council full-time Doctoral/Collaborative Training Award	0.2	0.2	0.7	0.7
	<u>61.2</u>	<u>60.8</u>	<u>66.2</u>	<u>65.3</u>

	Consolidated 2019 £m	University 2019 £m	Consolidated 2018 £m	University 2018 £m
<b>5 INVESTMENT INCOME</b>				
Investment income on endowments	0.2	0.2	0.2	0.2
Interest from short-term investments	0.5	0.5	0.3	0.3
	<u>0.7</u>	<u>0.7</u>	<u>0.5</u>	<u>0.5</u>
<b>6 DONATIONS AND ENDOWMENTS</b>				
New endowments	0.1	0.1	0.1	0.1
Unrestricted donations	0.2	0.2	0.4	0.4
	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>	<u>0.5</u>
<b>7 STAFF COSTS</b>				
<b>The staff costs for the financial year were:</b>				
Salaries	131.9	131.5	119.9	119.5
Social security costs	13.8	13.8	12.5	12.5
Other pension costs	32.2	32.2	26.0	26.0
<b>Total staff costs</b>	<u>177.9</u>	<u>177.5</u>	<u>158.4</u>	<u>158.0</u>
<b>USS pension deficit charge</b>	<u>56.9</u>	<u>56.9</u>	<u>(0.5)</u>	<u>(0.5)</u>

Following the failure to agree the March 2018 valuation by the balance sheet date, the Universities Superannuation Scheme (USS) provision increased by £58.3 million in the year. During 2019, the University contributed £1.4 million in the year towards the USS pension deficit (2018: £1.9 million) resulting in a charge in the year of £56.9 million (2018: (£0.5 million)). Following the agreement of the 2018 valuation post year end, £39.3 million is expected to be released from the provision and will credit the Statement of Consolidated Income in the year to 2020.

**EMOLUMENTS OF THE VICE-CHANCELLOR:**

	£000	£000
Salary	257	252
Benefits in kind as assessed for HMRC purposes	9	8
	<u>266</u>	<u>260</u>

During the year the Vice-Chancellor also received an additional £18k in holiday pay

	2019	2018
Head of provider basic salary divided by median pay	7.1	7.2
Head of provider total remuneration divided by median remuneration	7.4	7.4

Remuneration of higher paid staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are reimbursed to the University by the NHS, was:

	Number	Number
£100,000 - £104,999	10	7
£105,000 - £109,999	7	6
£110,000 - £114,999	5	4
£115,000 - £119,999	7	2
£120,000 - £124,999	3	4
£125,000 - £129,999	3	2
£130,000 - £134,999	2	4
£135,000 - £139,999	2	1
£140,000 - £144,999	1	1
£145,000 - £149,999	1	1
£150,000 - £154,999	2	1
£155,000 - £159,999	-	1
£160,000 - £164,999	2	-
£165,000 - £169,999	1	1
£170,000 - £174,999	1	1
£175,000 - £179,999	1	1
£180,000 - £184,999	1	-
£185,000 - £189,999	-	-
£190,000 - £194,999	1	-
£195,000 - £199,999	-	1
£200,000 - £204,999	-	1
£205,000 - £209,999	1	-
£210,000 - £214,999	-	-
£215,000 - £219,999	-	-
£220,000 - £224,999	-	-
£225,000 - £229,999	-	-
£230,000 - £234,999	-	-
£235,000 - £239,999	-	1

The average number of staff employed during the year expressed as FTE (full-time equivalents):

	2019 Number (FTE)	2018 Number (FTE)
Academic	1,112	1,098
Research	419	360
Management and specialist	982	922
Technical	156	145
Other	983	880
	<u>3,652</u>	<u>3,405</u>

No compensation for loss of office to a senior post-holder was payable during the year (2018: nil)

#### KEY MANAGEMENT PERSONNEL

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the institution. This includes compensation paid to key management personnel. Key management consists of the senior executive officers including the Vice-Chancellor, Pro-Vice-Chancellors, the Registrar and the Director of Finance.

	2019 £000	2018 £000
Key Management Personnel	<u>1,259</u>	<u>1,170</u>

#### TRUSTEES

Due to the nature of the Institution's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, are conducted at arm's length and in accordance with the Institution's Financial Regulations and procurement procedures.

No trustee received any remuneration or waived payments during the year (2018: £0).

The total expenses paid to or on behalf of the trustees was £5K (2018: £2K) split between the Council Members. This represents expenses incurred in their official capacity as Council Member. This does not include expenditure reimbursed to members of the Senior Management Team as these expenses cannot be distinguished from expenses reclaimed in the normal course of their employment.

	Note	Consolidated 2019 £m	University 2019 £m	Consolidated 2018 £m	University 2018 £m
<b>8 INTEREST AND OTHER FINANCE COSTS</b>					
Loan interest		2.1	2.1	1.8	1.8
Finance leases including service concession arrangements		3.3	3.3	3.2	3.2
Unwinding of USS discount factor		0.7	0.7	0.6	0.6
Net pension interest cost	30	1.2	1.2	1.3	1.3
		<u>7.3</u>	<u>7.3</u>	<u>6.9</u>	<u>6.9</u>

#### 9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated 2019 £m	University 2019 £m	Consolidated 2018 £m	University 2018 £m
Academic departments	126.1	126.1	109.5	109.5
Academic services	25.3	25.3	28.4	28.4
Research grants and contracts	57.8	57.8	47.9	47.9
Residences, catering and conferences	27.4	27.4	26.6	26.6
Premises	33.5	33.5	24.4	24.4
Professional services	50.7	50.7	45.3	45.3
Other services rendered	2.4	2.4	2.8	2.8
USS pension deficit charge	57.6	57.6	0.1	0.1
Other activities	14.2	13.9	12.0	11.0
<b>Total expenditure</b>	<u>395.0</u>	<u>394.7</u>	<u>297.0</u>	<u>296.0</u>

#### Other operating expenses include:

	£000	£000
External auditors' remuneration in respect of audit services	266	93
External auditors' remuneration in respect of non-audit services	398	80
Operating lease rentals - Land and buildings		

#### 10 TAXATION

Recognised in the statement of comprehensive income

#### CURRENT TAX

	2019 £000	2018 £000
Current tax expense	0.0	0.0
<b>Total tax expense</b>	<u>0.0</u>	<u>0.0</u>



**11 NON-CURRENT ASSETS - FIXED ASSETS - CONSOLIDATED**

	Freehold land and buildings	Service Concession Arrangements	Fixtures, Fittings and Equipment	Vessels	Assets in the course of construction	Heritage Assets	Total
	£m	£m	£m	£m	£m	£m	£m
<b>COST</b>							
At 1 August 2018	308.7	141.6	29.1	-	35.6	0.9	515.9
Additions	-	9.2	7.5	-	25.3	0.0	42.0
Transfers	49.6	-	1.0	1.6	(52.2)	-	(0.0)
At 31 July 2019	<b>358.3</b>	<b>150.8</b>	<b>37.6</b>	<b>1.6</b>	<b>8.7</b>	<b>0.9</b>	<b>557.9</b>
<b>ACCUMULATED DEPRECIATION</b>							
At 1 August 2018	31.6	24.6	20.1	-	-	-	76.3
Charge for year	10.5	7.1	4.5	0.0	-	-	22.1
At 31 July 2019	<b>42.1</b>	<b>31.7</b>	<b>24.6</b>	<b>0.0</b>	-	-	<b>98.4</b>
<b>NET BOOK VALUE</b>							
At 31 July 2019	<b>316.2</b>	<b>119.1</b>	<b>13.0</b>	<b>1.6</b>	<b>8.7</b>	<b>0.9</b>	<b>459.5</b>
At 1 August 2018	<b>277.1</b>	<b>117.0</b>	<b>9.0</b>	-	<b>35.6</b>	<b>0.9</b>	<b>439.6</b>

**NON-CURRENT ASSETS - FIXED ASSETS - UNIVERSITY**

	Freehold land and buildings	Service Concession Arrangements	Fixtures, Fittings and Equipment	Vessels	Assets in the course of construction	Heritage Assets	Total
	£m	£m	£m	£m	£m	£m	£m
<b>COST</b>							
At 1 August 2018	308.7	141.6	27.4	-	35.6	0.9	514.2
Additions	-	9.2	7.5	-	25.3	0.0	42.0
Transfers	49.6	-	1.0	1.6	(52.2)	-	(0.0)
At 31 July 2019	<b>358.3</b>	<b>150.8</b>	<b>35.9</b>	<b>1.6</b>	<b>8.7</b>	<b>0.9</b>	<b>556.2</b>
<b>ACCUMULATED DEPRECIATION</b>							
At 1 August 2018	31.6	24.6	19.6	-	-	-	75.8
Charge for year	10.5	7.1	4.3	0.0	-	-	21.9
At 31 July 2019	<b>42.1</b>	<b>31.7</b>	<b>23.9</b>	<b>0.0</b>	-	-	<b>97.7</b>
<b>NET BOOK VALUE</b>							
At 31 July 2019	<b>316.2</b>	<b>119.1</b>	<b>12.0</b>	<b>1.6</b>	<b>8.7</b>	<b>0.9</b>	<b>458.5</b>
At 1 August 2018	<b>277.1</b>	<b>117.0</b>	<b>7.8</b>	-	<b>35.6</b>	<b>0.9</b>	<b>438.5</b>

**11 CONTINUED**

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as deemed cost for freehold properties. The properties are being depreciated from the valuation date. As the assets are depreciated or sold, and an appropriate transfer is made from the revaluation reserve to the Income and expenditure reserve. Analysis of the land and buildings valued at the date of transition to FRS 102 using the deemed cost exemption.

At 31st July 2019, freehold land and buildings included £16.5 million (2018: £16.5 million) in respect of freehold land which is not depreciated.

A full valuation of the University's land and property was carried out on 31st July 2014 by qualified chartered surveyors in accordance with the RICS valuation - Professional Standards 2014 (the Red Book). Under FRS 102 paragraph 35.10, the University has elected to measure land and property at fair value at the transition date of 31 July 2014 and use the fair value as the deemed cost on that date.

**12 NON-CURRENT ASSETS - HERITAGE ASSETS**

Heritage assets included on the Balance Sheet refer largely to the University's Art Collection. There are also other heritage assets which due to their nature are inestimable and therefore have not been included in the valuation.

The Egypt Centre holds the Wellcome Collection which includes Egyptian antiques and artefacts. These assets are unique and not replaceable; to many this collection is priceless. The Egypt Centre is a recognised museum, accredited by the Arts Council and a recognised ACCES partner. The Egypt Centre aims to collect, interpret and care for Egyptian archaeological material and documents and preservation is critical to their work. All policies in place are reviewed by the Arts Council. The Wellcome Collection is available to view by all University staff and students, local schools as well as the wider general public.

The picture and art collection is recognised on the balance sheet under Heritage Assets. This collection was valued in 2008 by an independent valuer and due to the nature of the works has a measurable value. This revaluation in 2008 has been taken as deemed cost on transition. The majority of this art collection can be viewed around the University.

The University also holds a silver collection which includes but is not limited to competition cups, bowls and vases dating between the 1950s and 1980s. No price can be attributed to this collection, hence they are not held on balance sheet. The collection is stored securely but can be available for inspection upon request.

The University also holds Dylan Thomas manuscripts which were purchased out of University funds.

**13 SERVICE CONCESSION ARRANGEMENTS**

The University has six on-Balance Sheet Service concession arrangements.

**MOVEMENT IN SERVICE CONCESSION ARRANGEMENT ASSETS**

The asset value of the service concession included in the Balance Sheet as at 31 July 2019 is £119.1m (1 August 2018 £117m).

**MOVEMENT IN SERVICE CONCESSION ARRANGEMENT LIABILITIES**

The total liabilities relating to service concession arrangements included in the Balance Sheet as at 31 July 2019 were £127.7m (1 August 2018 £124.8m). Liabilities were reduced by £6.2m during the year following repayment and accounting adjustments. A new service concession increased liabilities by £5.7m and accounting adjustments further increased liabilities by £3.4m.

**FUTURE COMMITMENTS**

The following table analyses the University's future commitments in relation to the service concession arrangements.

	Payable in 1 year	Payable in 2-5 years	Payable in >5 years	Total
	£m	£m	£m	£m
Liability repayments	6.2	12.1	109.4	127.7
Finance charge	3.2	12.1	45.6	60.9
	<b>9.4</b>	<b>24.2</b>	<b>155.0</b>	<b>188.6</b>

The notes below give more information on the University's current service concession arrangements:

**GWALIA RESIDENCES**

Prior to conversion of the Financial Statements to FRS102, the University had entered into the following leases which were previously held off-balance sheet. These leases have now been brought on-balance sheet as Service Concession Arrangements.

Gwalia Phase 1 - A 30-year lease was entered into in 2004 to build three new blocks of accommodation with 272 units. The occupancy guarantee is 100%.

Gwalia Phase 2 - A 30-year lease was entered into in 2010 comprising of 351 units with the lower floors shelled for University activities. The occupancy guarantee is 100%.

**BAY RESIDENCES - PHASE 1A**

In September 2015, the University commenced a 45-year contract with a third-party provider for the provision and maintenance of phase 1a of the student accommodation on the Bay Campus, providing 899 rooms for 923 students. In February 2018, the third-party, with the University's consent, entered into a transaction to transfer the contract to another third-party. Under the terms of the new agreement, the lease was extended to 2062.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £1,485K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University, furthermore, has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of the contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

**13 CONTINUED****BAY RESIDENCES - PHASE 1B**

In January 2016, the University commenced a 45-year contract with a third-party provider for the provision and maintenance of phase 1b of the student accommodation on the Bay Campus, providing 545 single rooms. In February 2018, the contract was transferred to another third party and the lease was extended to 2062.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £823K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University, furthermore, has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of the contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

**BAY RESIDENCES - PHASE 1C**

On 15th December 2015, the University entered into a 45-year contract with a third-party provider for the provision and maintenance of phase 1c of the student accommodation on the Bay Campus, providing 538 single rooms.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £1,056K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University further has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of 45-year contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

**THE COLLEGE ACADEMIC BUILDING**

On 8th September 2017, the University entered into a 20 year contract with a third-party provider for the provision and maintenance of an Academic Building.

The University has guaranteed 35% of the building amounted to committed gross annual payments of £357K.

The University has exclusive rights over the allocated 35% of the building and controls the use within this area.

**14 NON-CURRENT INVESTMENTS**

	Subsidiary companies	Other fixed asset investments	Total
	£m	£m	£m
<b>CONSOLIDATED</b>			
<b>At 1 August 2018</b>	-	1.6	<b>1.6</b>
Revaluations	-	-0.6	<b>-0.6</b>
Impairment	-	-0.4	<b>-0.4</b>
<b>At 31 July 2019</b>	-	<b>0.6</b>	<b>0.6</b>
<b>UNIVERSITY</b>			
<b>At 1 August 2018</b>	2.4	-	<b>2.4</b>
<b>At 31 July 2019</b>	<b>2.4</b>	-	<b>2.4</b>

## 14 CONTINUED

Investments are analysed below:

COMPANY	REGISTERED ADDRESS	PRINCIPAL ACTIVITY	SHAREHOLDING
Altenergis plc	2nd Floor Berkeley Square House, Berkeley Square, London, W1J 6BD	Other research and experimental development on natural sciences and engineering	2%
Nightingale-EOS	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Manufacture of electronic industrial process control equipment	2%
Polypharmakos Ltd	C/O Greenaway Scott Limited 40 Bloomsbury Way, Lower Ground Floor, London, England, WC1A 2SE	Research and experimental development on biotechnology	4%
Cardiac Health Diagnostics Ltd	Room 508 Institute Of Life Sciences 2 Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Specialists medical practice activities	5%
BIPV Ltd	Gcell Building South Lake Drive, Imperial Park, Newport, United Kingdom, NP10 8AS	Other manufacturing not elsewhere classified	5%
Iatrotec Professional Learning Ltd	104 Harewood Avenue, Bournemouth, BH7 6NS	Educational	5%
Centre for Mindful Based Work and Research Ltd	Floor 2, Data Science Building Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other human health activities	5%
Wowdeals Ltd	Department Of Research And Innovation Swansea University, Singleton Park, Swansea, SA2 8PP	Dormant	5%
AANDSA Pharma Ltd	C/O Baldwins Ty Derw, Lime Tree Court, Cardiff Gate Business Park, Cardiff, United Kingdom, CF23 8AB	Dormant	5%
Bionema Ltd	Druslyn House, De La Beche Street, Swansea, Wales, SA1 3HJ	Research and experimental development on biotechnology	7%
Zeta Computational Resources Ltd	International House, 10 Churchill Way, Cardiff, Wales, CF10 2HE	Publishing	10%
Sportsviz Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Business and domestic software development	10%
China Centre Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Management consultancy activities other than financial management	10%
Membranology Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Engineering related scientific and technical consulting activities	10%
Biopesco Ltd	Druslyn House, De La Beche Street, Swansea, Wales, SA1 3HJ	Dormant	10%
Rynda Health Diagnostics Ltd	C/O Bevan & Buckland Langdon House, Langdon Road, Swansea, Wales, SA1 8QY	Dormant	10%
Deep Data Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Data processing, hosting and related activities	10%
Swansea Print Engineering Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	10%
Aquatic Environmental Research Limited	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Environmental consulting activities	11%
Bay Innovations Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	12%
Talent Accelerator Ltd	Institute Of Life Science 2 Floor 1, Singleton Park, Swansea, Wales, SA2 8PP	Post-secondary non-tertiary education	12%
Wildbyte Technologies Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Engineering related scientific and technical consulting activities	13%
Moleculomics Ltd	48 Mumbles Road, Blackpill, Swansea, Wales, SA3 5AU	Other research and experimental development on natural sciences and engineering	15%
Trauma Simulation Ltd	11 Park Square, Newport, Wales, NP20 4EL	Other research and experimental development on natural sciences and engineering	15%
Syncura Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	15%
Cellometry Ltd	Broomfield & Alexander Ltd, Charter Court Phoenix Way, Enterprise Park, Swansea, SA7 9FS	Other research and experimental development on natural sciences and engineering	15%

COMPANY	REGISTERED ADDRESS	PRINCIPAL ACTIVITY	SHAREHOLDING
Murex Advanced Materials Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	15%
Digital Academic Solutions Ltd	14 Admirals Walk, Sketty, Swansea, Wales, SA2 8LQ	Other software publishing	15%
HPC Wales	Cae Derwen, College Road, Bangor, Gwynedd, Wales, LL57 2DG	Other professional, scientific and technical activities not elsewhere classified	17%
Semitechnologies Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Engineering related scientific and technical consulting activities	20%
ProGnomics Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Other research and experimental development on natural sciences and engineering	20%
Teclyn Ltd	456 Gower Road, Killay, Swansea, Wales, SA2 7AL	Dormant	20%
Gower Innovations Ltd	School Of Management Swansea University, Fabian Way, Swansea, United Kingdom, SA1 8EN	Other manufacturing not elsewhere classified	20%
SPMicrotech Ltd	Mha Broomfield Alexander Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	20%
VRTax (Dissolved 2 July 2019)	Broomfield And Alexander Charter Court, Swansea Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	20%
Trovinos Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
Grove Nanomaterials Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
Reflex Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	20%
Procoll Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
PulmonIR Ltd	Institute Of Life Science Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other research and experimental development on natural sciences and engineering	24%
Trameto Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Manufacture of electronic components	25%
Hexigone Inhibitors Ltd	Baglan Bay Innovation Centre Central Avenue, Baglan, Port Talbot, Wales, SA12 7AX	Manufacture of other chemical products not elsewhere classified	17%
Bay Campus Developments LLP	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Dormant	50%
WNPS	Wales National Pool Swansea, Sketty Lane, Swansea, SA2 8QG	Operation of sports facilities	50%
Bay Sports Ltd	Suite 4 St Helens Rugby And Cricket Ground, Bryn Road, Swansea, Swansea, United Kingdom, SA2 0AR	Operation of sports facilities	50%
Swan Global Education	Littlemore Park, Armstrong Road, Oxford, Oxfordshire, OX4 4FY	Educational	50%
Swansea Materials Research and Testing	Finance Building Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other research and experimental development on natural sciences and engineering	100%
Swansea Innovations	Finance Building Swansea University, Singleton Park, Swansea, SA2 8PP	Management consultancy activities other than financial management	100%
SU Developments	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Dormant	100%
SU Pathway College Ltd	Finance Building Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Combined facilities support activities	100%
The Dylan Thomas Prize	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Cultural education	100%
Specific Innovations	Department Of Research And Innovation Swansea University, Singleton Park, Swansea, SA2 8PP	Other research and experimental development on natural sciences and engineering	100%
Active Building Centre Ltd	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other professional, scientific and technical activities not elsewhere classified	100%

Investments in subsidiary companies are measured at transaction price (including transaction costs) and considered annually for impairment. For a full listing of subsidiary companies see note 2

**15 INVESTMENT IN JOINT VENTURES****The University holds the following joint ventures:**

50% share of Wales National Pool Swansea (WNPS), a company limited by guarantee. This is a joint venture company owned equally by the University and City and County of Swansea.

50% share of Bay Sports Limited, a company limited by guarantee. This is a joint venture company owned equally by the University and Bay Leisure Ltd. This joint venture ceased to trade on 5th September 2018 and is currently in the process of striking off.

The arrangements relating to Wales National Pool Swansea and Bay Sports Limited are treated as joint ventures and are accounted for using the equity method, such that 50% of the companies gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

The University also jointly controls High Performance Computing Wales Ltd (HPC), a company limited by guarantee. This is a joint venture company owned equally with Bangor University, Cardiff University, University of Wales, University of Glamorgan and Aberystwyth University and is accounted for under the equity method as above.

The University also has a 50% share of Swan Global Education LLP, a limited liability partnership. This is a joint venture partnership owned equally by the University (through its wholly-owned subsidiary SU Pathway College Limited) and International College Wales Ltd. Swansea University, along with the ultimate holding LLP of the International College of Wales Ltd, have provided a letter to financially support Swan Global Education LLP for a period of not less than 12 months from the signing date of the partnership's financial statements. The financial statements of the LLP are currently draft and unsigned.

**The University also has the following joint venture, which is currently dormant:**

50% share of Bay Campus Developments LLP, a limited liability partnership which is currently dormant. This is a joint venture partnership owned equally by the University (through its wholly-owned subsidiary SU Developments Limited) and St Modwen Developments Limited.

As this company is dormant with no assets or liabilities there have been no accounting entries this year.

	Year ended 31 July 2019				Year ended 31 July 2018		
	WNPS £m	Swan Global Education £m	Bay Sports £m	HPC £m	WNPS £m	Bay Sports £m	HPC £m
<b>INCOME AND EXPENDITURE</b>							
Income	0.7	2.9	-	-	0.6	0.3	-
Deficit	(0.3)	(0.0)	-	-	(0.2)	-	-
<b>BALANCE SHEET</b>							
Fixed assets	2.3	0.2	-	-	2.3	-	-
Current assets	0.4	2.1	-	0.0	0.3	-	0.0
	2.7	2.3	-	0.0	2.6	-	0.0
Creditors <1 year	(0.2)	(2.3)	-	(0.0)	(0.1)	-	(0.0)
Creditors >1 year	-	-	-	-	-	-	-
Accruals & Deferred Income	(0.2)	-	-	-	-	-	-
	(0.4)	(2.3)	-	(0.0)	(0.1)	-	(0.0)
Share of net assets	2.3	(0.0)	-	-	2.5	-	0.0

**JOINTLY CONTROLLED OPERATIONS**

The University participates in a number of joint-research contracts with other universities and joint contracts with other partners. Income from such arrangements in 2019 amounted to £35.9 million (2018: £45.2 million).

**INVESTMENT IN ASSOCIATES**

Throughout the year and at the Balance Sheet date the University did not hold any investments in associated companies (2018: 40% Shareholding in Hexigone Inhibitors Ltd)

**16 STOCK**

	Consolidated 31 July 2019 £m	University 31 July 2019 £m	Consolidated 31 July 2018 £m	University 31 July 2018 £m
Stock	0.1	0.0	0.2	0.1
	0.1	0.0	0.2	0.1

**17 CURRENT INVESTMENTS**

	Consolidated 31 July 2019 £m	University 31 July 2019 £m	Consolidated 31 July 2018 £m	University 31 July 2018 £m
Short-term investments in shares	3.2	3.2	3.2	3.2
Short-term bonds	1.3	1.3	1.2	1.2
Other short-term investments	0.3	0.3	0.2	0.2
Short-term deposits	0.1	0.1	0.1	0.1
	4.9	4.9	4.7	4.7

The increase in fair value of short-term deposits in the year was £121K (2018: £176K)

Deposits are held with banks and building societies operating in the London market and licences by the Financial Services Authority with more than three months maturity at the Balance Sheet date. The interest rates for those deposits are fixed for the duration of the deposit at the time of placement.

At 31 July 2019, the weighted average interest rate of these fixed deposits was 3.70% (2018: 3.20%). The fair value of these deposits was not materially different from their book value.

**18 TRADE AND OTHER RECEIVABLES**

	Consolidated 31 July 2019 £m	University 31 July 2019 £m	Consolidated 31 July 2018 £m	University 31 July 2018 £m
<b>Amounts falling due within one year:</b>				
Research grants receivable	11.7	11.7	6.0	6.0
Other trade receivables	10.2	9.6	7.9	7.5
Other receivables	0.2	0.6	-0.3	0.2
Prepayments and accrued income	41.0	41.0	17.7	17.6
	63.1	62.9	31.3	31.3

**19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Consolidated 31 July 2019	University 31 July 2019	Consolidated 31 July 2018	University 31 July 2018
	£m	£m	£m	£m
Bank overdraft	2.5	-	2.2	-
Secured loans	111.3	111.3	2.5	2.5
Service concession arrangements	6.2	6.2	5.9	5.9
Trade payables	8.0	8.0	8.1	8.1
Social security and other taxation payable	4.1	4.1	3.7	3.7
Accruals and deferred income	59.3	59.4	58.6	58.5
	<b>191.4</b>	<b>189.0</b>	<b>81.0</b>	<b>78.7</b>

At 31 July 2019 the University's outstanding secured loans have been classified as falling due within one year although the scheduled repayments under the facility agreement are for repayments of £109m to be made after more than one year. The reason for this accounting treatment are explained in note 20 below.

**ACCUALS AND DEFERRED INCOME**

Included with accruals and deferred income are the following items which have been deferred:

	Consolidated 31 July 2019	University 31 July 2019	Consolidated 31 July 2018	University 31 July 2018
	£m	£m	£m	£m
Research grants received in advance	10.3	10.3	12.7	12.7
Other services rendered received in advance	0.8	0.8	0.4	0.4
Funding Council grants received in advance	0.6	0.6	1.4	1.4
Other grants received in advance	8.7	8.7	6.5	6.5
Other accruals	38.9	39.0	37.6	37.5
	<b>59.3</b>	<b>59.4</b>	<b>58.6</b>	<b>58.5</b>

**20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated 31 July 2019	University 31 July 2019	Consolidated 31 July 2018	University 31 July 2018
	£m	£m	£m	£m
Service concession arrangements	121.5	121.5	118.8	118.8
<b>Analysis of secured and unsecured loans:</b>	-	-	-	-
Due within one year on demand	111.3	111.3	2.5	2.5
Due within one and two years	-	-	2.9	2.9
Due within two and five years	-	-	9.1	9.1
Due in five years or more	-	-	40.1	40.1
	<b>232.8</b>	<b>232.8</b>	<b>173.4</b>	<b>173.4</b>
Due within one year or on demand	111.3	111.3	2.5	2.5
Due after more than one year	121.5	121.5	170.9	170.9
Secured loans repayable by 2044	111.3	111.3	54.6	54.6
	<b>111.3</b>	<b>111.3</b>	<b>54.6</b>	<b>54.6</b>

**20 CONTINUED**

At 31 July 2019 the University was in breach of one of its borrowing covenants to EIB as explained under the Operating and Financial Review section "Financial and Risk Management". This breach has been waived by EIB subsequently but the position at year end was one of expected breach which was at that point un-remedied. Accordingly the loans outstanding with EIB have been classified as repayable on demand at 31 July 2019 and are included within creditors due in less than one year. If the borrowing were reclassified on the basis of the subsequently received waiver then the position would be as follows:

	31 July 2019	
	Consolidated	University
	£m	£m
<b>Analysis of secured and unsecured loans:</b>		
Due within one year on demand	2.1	2.1
Due within one and two years	3.0	3.0
Due within two and five years	15.3	15.3
Due in five years or more	90.9	90.9
<b>Total secured loans</b>	<b>111.3</b>	<b>111.3</b>
<b>Secured loans repayable by 2044</b>	<b>111.3</b>	<b>111.3</b>

**20 CONTINUED**

Included in the loans are the following:

Lender	Amount (£m)	Interest Rate	Term	Borrower
European Investment Bank	11.7	Fixed 2.46600%	June 2033	University
European Investment Bank	12.5	Fixed 2.31300%	January 2034	University
European Investment Bank	8.8	Fixed 3.7330%	August 2034	University
European Investment Bank	9.1	Fixed 3.8540%	January 2035	University
European Investment Bank	9.2	Fixed 4.0220%	August 2035	University
European Investment Bank	60.0	Fixed 2.4480%	April 2044	University
<b>Total</b>	<b>111.3</b>			

**21 PROVISIONS FOR LIABILITIES**

	Obligation to fund deficit on USS	SUPS Pension scheme provision	Total Pension provisions
	£m	£m	£m
<b>CONSOLIDATED AND UNIVERSITY</b>			
<b>At 1 August 2018</b>	<b>31.1</b>	<b>46.0</b>	<b>77.1</b>
Utilised in year	(1.4)	(0.4)	(1.8)
Unwinding of discount factor	0.7	1.3	2.0
Additions in year	58.4	13.0	71.4
<b>At 31 July 2019</b>	<b>88.8</b>	<b>59.9</b>	<b>148.7</b>

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

**22 ENDOWMENT RESERVE**

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2019 Total	2018 Total
	£m	£m	£m	£m	£m
<b>BALANCES</b>					
<b>At 1 August 2018</b>					
Capital	4.0	1.5	0.2	5.7	5.5
Accumulated income	0.6	0.1	0.1	0.8	0.6
	<u>4.6</u>	<u>1.6</u>	<u>0.3</u>	<u>6.5</u>	<u>6.1</u>
New donations and endowments	-	-	0.1	0.1	0.0
Investment income	0.1	0.1	0.0	0.2	0.2
Expenditure	-0.0	-0.1	-0.0	-0.1	-0.1
	<u>0.1</u>	<u>-</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>
Increase in market value of investments	0.1	0.0	0.0	0.1	0.2
	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>
<b>At 31 July 2019</b>	<b><u>4.8</u></b>	<b><u>1.6</u></b>	<b><u>0.4</u></b>	<b><u>6.8</u></b>	<b><u>6.4</u></b>
<b>Represented by:</b>					
Capital	4.1	1.5	0.4	6.0	5.7
Accumulated income	0.7	0.1	0.0	0.8	0.7
	<u>4.8</u>	<u>1.6</u>	<u>0.4</u>	<u>6.8</u>	<u>6.4</u>
<b>ANALYSIS BY TYPE OF PURPOSE:</b>					
Scholarships and bursaries				2.9	2.8
Research support				0.3	0.3
Prize funds				0.8	0.6
General				2.8	2.7
				<u>6.8</u>	<u>6.4</u>
<b>ANALYSIS BY ASSET</b>					
Fixed interest stocks and bonds				1.3	1.2
Equities				3.2	3.2
Hedge funds				-	0.1
Commodities funds				0.1	0.0
Property				0.1	0.1
Bank balances held by investment managers				0.1	0.1
Other				0.1	-
Bank Balance - University				1.9	1.7
				<u>6.8</u>	<u>6.4</u>

**23 RESTRICTED RESERVES**

No restricted reserves were held during the year (2018: NIL).

**24 RECONCILIATION OF CASH FLOW TO BALANCE SHEET**

	At 1 August 2018	Cash Flows	At 31 July 2019
	£m	£m	£m
Cash at bank and on deposit	61.8	25.1	86.9
	<u>61.8</u>	<u>25.1</u>	<u>86.9</u>

**25 CAPITAL AND OTHER COMMITMENTS**

A provision has not been made for the following capital commitments at 31 July 2019:

	Consolidated	University	Consolidated	University
	2019	2019	2018	2018
	£m	£m	£m	£m
<b>Commitments contracted for:</b>	<u>7.7</u>	<u>7.7</u>	<u>17.7</u>	<u>17.7</u>
	<u>7.7</u>	<u>7.7</u>	<u>17.7</u>	<u>17.7</u>

**26 CONTINGENT LIABILITIES**

	£m	£m	£m	£m
Guarantees				
To Lloyds for SMaRT Ltd	-	0.5	-	0.5
	<u>-</u>	<u>0.5</u>	<u>-</u>	<u>0.5</u>

The University is acting as guarantor for Swansea Materials Research and Testing Limited in relation to the £500K overdraft facility only. The University believe there is only a limited possibility of the guarantee being paid as Swansea Materials Research & Testing Limited is a wholly-owned subsidiary controlled by senior University staff members. The extent of the guarantee being required will depend on the current overdraft in the subsidiary. If paid, there is unlikely to be any reimbursement for this contingent liability.

The University is a member of UMAL, a company limited by guarantee, formed to provide a mutual association for insurance risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro-rated share, spread using an internal loan facility over seven years. The potential for a shortfall and the value of a shortfall in any given year is unknown. There is not likely to be any possibility of reimbursement if this guarantee is called upon.

The University holds an investment of 16.67% in High Performance Computing Wales (HPC Wales). HPC Wales is part - funded by funds drawn down from the EU. The company is subject to regular compliance audits and, as a result, there is a risk of claw back of EU funds should certain criteria not be met. In these circumstances, the University would be responsible for a share of the sum clawed back. The value and likelihood of any claw back is unknown. There is unlikely to be any claw back if this guarantee is called upon.

**27 LEASE OBLIGATIONS****Total rentals payable under operating leases:**

	2019	2018
	Land and Buildings	Land and Buildings
	£m	£m
<b>Consolidated and Institution</b>		
Payable during the year	0.8	0.4
<b>Future minimum lease payments due:</b>		
Not later than 1 year	0.9	0.6
Later than 1 year and not later than 5 years	2.2	0.9
Later than 5 years	5.6	1.3
<b>Total lease payments due</b>	<b>9.5</b>	<b>3.2</b>

During the year, the University entered into a new lease in respect of The College building on the Bay campus, along with new leases in Singleton Hospital, the Civic Centre and new accommodation leases.

Total rentals receivable under operating leases:

The University is tenant on two significant leases; the landlords being City and County of Swansea (Civic Centre) and the NHS (Singleton Hospital). The Civic Centre lease runs for three years from 2018 with an annual lease cost of £0.1M, the University is not able to break this lease. The Singleton Hospital lease runs for five years from 2018 with an annual lease cost of £0.1M. A break period exists at three years.

The University leases out space on both Singleton and Bay Campus. Significant leases on Singleton Campus include a dental surgery, a GP surgery, a retail unit for the Students Union, and lab space for Natural Resources Wales. The terms and break periods differ for each lease. The University has one significant lease on Bay Campus, being the lease of a building to its wholly owned subsidiary Swansea Materials Research and Testing Ltd.

	2019	2018
	Land and Buildings	Land and Buildings
	£m	£m
<b>Consolidated and Institution</b>		
<b>Future minimum lease payments due:</b>		
Not later than 1 year	0.3	0.4
Later than 1 year and not later than 5 years	1.0	1.1
Later than 5 years	2.0	2.2
<b>Total lease payments due</b>	<b>3.3</b>	<b>3.7</b>

There were no contingent rents receivable during 2018/19 (2017/18: £0).

**28 EVENTS AFTER THE REPORTING PERIOD**

The joint venture Bay Sports Ltd ceased to trade on 5th September 2018, and is now in the process of striking off

**29 SUBSIDIARY UNDERTAKINGS**

The subsidiary undertakings (all of which are registered in England and Wales), wholly owned or effectively controlled by the University are as follows:

Company	Principal Activity	Country of registration	Status
Swansea Materials Research & Testing Limited	Other research and experimental development on natural sciences and engineering	UK	100% owned
Swansea Innovations Limited	Management consultancy activities other than financial management	UK	100% owned
Specific Innovations Limited	Other research and experimental development on natural sciences and engineering	UK	100% owned
The Dylan Thomas Prize Limited	Cultural education	UK	100% owned
Active Building Centre Ltd	Other professional, scientific and technical activities	UK	100% owned
SU Developments Limited	Dormant	UK	100% owned
SU Pathway College Limited	Non Trading	UK	100% owned

All subsidiaries have the same year end as Swansea University.

**30 PENSION SCHEMES**

Different categories of staff were eligible to join one of the following schemes:

Universities' Superannuation Scheme (USS)

Swansea University Pension Scheme (SUPS) - Closed to new members 31 December 2011

National Employment Savings Trust (NEST) - from 1st January 2012

The University also contributes to the NHS Pension Scheme for a number of its employees.

USS and SUPS are both defined-benefits schemes. The assets of both schemes held in separate trustee-administered funds. NEST is a defined-contribution scheme.

**(i) THE UNIVERSITIES' SUPERANNUATION SCHEME**

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final-pensionable salary. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

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 102(28), 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.

**SIGNIFICANT ACCOUNTING POLICIES**

The University participates in the Universities' Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined-benefit only pension scheme until 31 March 2016 which was contracted out of State Second Pension (S2P). The assets of the scheme are held in a separate trust-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 section 28 of FRS 102 "Employee 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. Since the institution has entered into agreement (the Recovery Plan that determines how each employer within the scheme will find the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

**30 CONTINUED****CRITICAL ACCOUNTING JUDGEMENTS**

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how that employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

**PENSION COSTS**

The latest available full-actuarial valuation of the scheme was at 31st March 2018 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion. These figures will be revised once the 2018 Scheme Valuation is complete.

Defined-benefit liability numbers for the scheme have been produced using the following assumptions:

	2019	2018
Discount Rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumption used in these figures are as follows:

**Male members' mortality**

Pre-retirement	71% of AMC00 (duration 0)
Post retirement	96.5% of S1NMA ["light"]

**Female members' mortality**

Pre-retirement	112% of AFC00 (duration 0)
Post retirement	101.3% of RFV00

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in the mortality rates the CMI 2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

	2019	2019
Scheme assets	£60.0bn	£63.6bn
Total scheme liabilities	£67.5bn	£72.0bn
FRS 102 total scheme deficit	£7.5bn	£8.4bn
FRS 102 total funding level	89%	88%

**30 CONTINUED**

Since the year end, following completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £49,421k, a decrease of £39,257k from the current year end provision.

**(ii) SWANSEA UNIVERSITY PENSION SCHEME****(RETIREMENT BENEFITS) DISCLOSURE FOR THE ACCOUNTING PERIOD ENDING 31 JULY 2019**

The University operates a final-salary defined-benefit pension scheme that non-academic employees of the University can participate in, called the Swansea University Pension Scheme (SUPS). The scheme is externally funded and is contracted out of the State Second Pension (S2P) of pension provision.

The last formal triennial actuarial valuation of the scheme was performed as at 1 August 2016 by a professionally-qualified actuary.

During the accounting period, the University paid contributions to the pension scheme at the rate of 21.3% of pensionable salaries.

**ASSUMPTIONS**

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2019	At 31 July 2018
Price Inflation (RPI)	3.3%	3.3%
Price Inflation (CPI)	2.5%	2.5%
Rate of increase in salaries	3.2%	3.2%
Rate of increase of pensions in payment for SUPS members	3.3%	3.3%
Increases to deferred pensions before retirement	2.5%	2.5%
Discount rate	2.0%	2.8%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65 and non pensioners who are currently aged 45.

	At 31 July 2019	At 31 July 2018
Pensioner - male	19.7	20.0
Pensioner - female	21.5	21.9
Non-pensioner (currently aged 45) - male	20.7	21.1
Non-pensioner (currently aged 45) - female	22.7	23.1



## 30 CONTINUED

## SCHEME ASSETS AND EXPECTED RATE OF RETURN FOR SUPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward-looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

## The assets in the scheme were:

	Fair value as at 31 July		
	2019 £m	2018 £m	2017 £m
Equities	43.0	40.5	33.3
Government bonds	-	-	22.1
Corporate bonds	9.2	7.5	22.4
Property	10.5	10.3	7.6
GARS FUND	13.6	13.1	11.0
Other	30.4	27.8	-
<b>Total</b>	<b>106.7</b>	<b>99.2</b>	<b>96.4</b>

The tables below include the disclosures for the Swansea University Pension Scheme.

	Year Ended 31 July 2019 £m	Year Ended 31 July 2018 £m
<b>Analysis of the amount shown in the balance sheet for SUPS</b>		
Scheme assets	106.7	99.2
Scheme liabilities	166.6	145.2
<b>Deficit in the scheme – net pension liability recorded within Other Comprehensive Income</b>	<b>(59.9)</b>	<b>(46.0)</b>
Current service cost	(2.3)	(2.3)
Past service costs	-	-
<b>Total operating charge:</b>	<b>(2.3)</b>	<b>(2.3)</b>

## Analysis of the amount charged to interest payable / credited to other finance income for SUPS

	Year Ended 31 July 2019 £m	Year Ended 31 July 2018 £m
Interest cost	(4.0)	(4.0)
Expected return on assets	2.8	2.7
<b>Net charge to other finance income</b>	<b>(1.2)</b>	<b>(1.3)</b>

## Analysis of other comprehensive income for SUPS

	Year Ended 31 July 2019 £m	Year Ended 31 July 2018 £m
Gain on assets	6.20	1.30
Loss on liabilities	(19.2)	(0.7)
<b>Total other comprehensive income before deduction for tax</b>	<b>(13.0)</b>	<b>0.6</b>

## 30 CONTINUED

## History of experience gains and losses – SUPS

	Year to			
	31 July 2019	31 July 2018	31 July 2017	31 July 2016
<b>Difference between actual and expected return on scheme assets:</b>				
Amount (£m)	6.2	1.3	4.6	8.2
% of assets at end of year	0.0%	1.3%	4.8%	8.7%
<b>Experience (gains) / losses on scheme liabilities:</b>				
Amount (£m)	-	-	-8.9	-
% of liabilities at end of year	0.0%	0.0%	-6.2%	0.0%

## Cumulative actuarial loss recognised as other comprehensive income for SUPS

	31 July 2019 £m	31 July 2018 £m
Cumulative actuarial losses recognised at the start of the year	(26.2)	(26.8)
Cumulative actuarial losses recognised at the end of the year	(39.2)	(26.2)

## Analysis of movement in (deficit) for SUPS

	31 July 2019 £m	31 July 2018 £m
<b>Deficit at beginning of year</b>		
Contributions or benefits paid by the University	3.5	3.5
Current service cost	(2.3)	(2.3)
Past service cost	(0.5)	-
Admin costs	(0.4)	(0.4)
Other finance charge	(1.2)	(1.3)
Loss / Gain recognised in other comprehensive income	(13.0)	0.6
<b>Deficit at end of year</b>	<b>(59.9)</b>	<b>(46.0)</b>

## Analysis of movement in the present value of SUPS

	31 July 2019 £m	31 July 2018 £m
<b>Present value of SUPS at the start of the year</b>		
Current service cost (net of member contributions)	2.3	2.3
Past service cost	0.5	-
Interest cost	4.0	4.0
Actuarial loss / (gain)	19.2	0.7
Actual benefit payments	(4.6)	(4.3)
<b>Present value of SUPS liabilities at the end of the year</b>	<b>166.6</b>	<b>145.2</b>

## 30 CONTINUED

	31 July 2019	31 July 2018
	£m	£m
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>99.2</b>	<b>96.4</b>
Expected return on assets	2.8	2.7
Actuarial gain on assets	6.2	1.3
Actual contributions paid by University	3.5	3.5
Non Investment expenses	(0.4)	(0.4)
Actual benefit payments	(4.6)	(4.3)
<b>Fair value of scheme assets at the end of the year</b>	<b>106.7</b>	<b>99.2</b>

SUPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	31 July 2019	31 July 2018
	£m	£m
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	2.8	2.7
Asset gain	6.2	1.3
	<b>9.0</b>	<b>4.0</b>

Estimated contributions for SUPS in the Financial Year 2019-20 is £1.7m (2018-19 £1.7m) assuming the contribution rate of 21.5% plus £1.3m PA fixed contribution (2018-19 21% plus £1.2m PA).