



Swansea University  
Prifysgol Abertawe

# Operating and Financial Review and Financial Statements

**2013-14**



# FINANCIAL STATEMENTS

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## MESSAGE FROM THE VICE-CHANCELLOR

Swansea University is a hive of energy. Our student applications have grown by more than fifty per cent over the past two years. We have a clear strategy for growth, and are investing to enhance a superlative campus experience for students.

On the Singleton Campus, the Data Science building is rising rapidly to create a new Health Informatics centre of excellence, a significant enhancement to our College of Medicine and Life Sciences quarter, and our collaborative working with the NHS.

This year saw the College of Medicine celebrate its ten year anniversary. In its short life, the College has grown at tremendous speed. It has achieved this by charting its own course drawing on Swansea University's distinctive strengths: multidisciplinary research, collaboration with industry, and international partnerships. The College has excelled at attracting great people and it is their talent and hard work – in the fields of research, teaching, and innovation – that has created such a robust and vibrant College. The pace at which this has been achieved is remarkable, and demonstrates what Swansea University can achieve when it sets its mind to it.

With our new Bay Campus we have set our mind to delivering state-of-the art facilities to support world class research, industry collaboration, and teaching. Its scale and ambition reflects our confidence that the expansion of Swansea University will be a powerful and positive engine of growth for the Swansea Bay City region. These fantastic facilities will also support outreach activity to provide engineering, advanced manufacturing, leadership, and management training for businesses, sharing benefits across Wales and beyond.

Our transforming campuses and rise in student applications are not the only story. We know that massive strides have been made over recent years in strengthening all aspects of the University; the pace of change is palpable. Nevertheless, we have fought hard for, and sometimes struggled in getting, commensurate wider recognition. In 2014 we had strong signs that external perceptions were beginning to catch up.

As part of a higher education system which is the envy of most of the world, every six years the quality of our learning and teaching is audited by the Quality Assurance Agency. In this detailed and penetrating review of our provision in 2014 we came through with flying colours. Over and above meeting all standards and expectations, we also received a coveted 'commendation' which recognised Swansea's distinctive success at enhancing student learning opportunities, including employability and international exchanges.

Campus universities like Swansea pride themselves on providing a stimulating and supportive environment beyond the classroom, from sporting facilities and societies to supermarkets and dentists. The provision of students' union social and support activities complements formal teaching and learning, and it is invaluable in helping students develop as rounded citizens. There is no doubt that as the UK's first campus university we are supremely well placed to provide a whole student experience, and this was recognised when we won the WhatUni students' choice award for the 'Best UK University in 2014'.

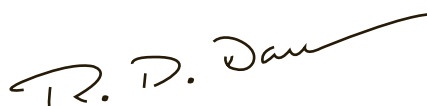
Furthermore, great excitement has been generated by Swansea being shortlisted in November for no fewer than four Times Higher Education (THE) Awards, the 'Oscars' of UK Higher Education. This includes its most prestigious accolade of 'University of the Year'.

Beyond our institutional achievements, the HE policy environment remains turbulent. We have maintained a focus on the areas within our control – research and teaching excellence, student recruitment, our mission and strategy – and continue to steer a steady course. We are confident of continued growth, and are clearly established as one of Wales' pre-eminent research-led institutions, and are in the top-third of institutions UK-wide. We look forward to offering more places next year when our new Bay Campus will be open.

Swansea University's success is the sum of the tremendous hard work and effort put in by its staff and students. We are delighted that these achievements are now being acknowledged externally, and everyone can take pride in the University's growing reputation.

**Professor Richard B. Davies**

Vice-Chancellor



## THE UNIVERSITY AND ITS WORK

Swansea University is an ambitious, research-led institution with more than 18,000 students. The University's vision is that, 'By 2017 Swansea will be a research intensive UK top-30 University.'

Swansea University has developed its research capacity substantially over the last five years. Investment has been made through the business planning process, diverting resources towards the most successful academic areas. There has been a strong focus on developing interdisciplinary research activities.

### MISSION

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

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

### STRATEGY

Swansea University's strategy is to capitalise upon the opportunities presented by our significantly improved performance in research, the quality of our teaching and student experience, and our increasing role in Wales, and internationally. The University's mission has not changed. However, the manner in which this will be achieved and the distinctive blueprint for the future has been defined more precisely for this latest phase of our strategic development.

The University is planning 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 of a 21st Century 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 estate.

## UNIVERSITY KEY FACTS

Total income: £205 million
Total research income: £43 million
Total research awards (research income less deferred grants released): £39 million
Academic staff and research staff fte*: 1,184
In the NSS 89% of students were satisfied with the quality of their course
Almost 700 research students; overseas students account for 17% of students
Total staff fte*: 2,627
Total student fte*: 12,562

\*fte: full-time equivalent

## ORGANISATION

The University's governing body, the Council, is responsible for the administration of the revenue and property of the University, and has general control over the University and its affairs, purposes and functions. Further details are provided in the section 'Statement of Council's responsibilities.' The members of Council for the year ended 31 July 2014 were:-

Role	Member	End of Term
Chancellor	Rt Hon Rhodri Morgan	31 July 2015
Pro-Chancellor and Chair of Council	Sir Roger Jones	10 September 2015
Pro-Chancellor	Sir Roderick Evans	March 2017
Treasurer	Mr Fredrich (Fritz) Summer	31 January 2017
Vice-Chancellor	Professor Richard B Davies	Until retirement
Pro-Vice-Chancellors (maximum of 3)	Professor Ian Cluckie Professor Iwan Davies Professor Noel Thompson (stood down December 2013) Professor Hilary Lappin-Scott	30 November 2016 30 November 2015 31 December 2013 1 December 2017
6 members appointed by and from the Court of Swansea University  (*-term ends with the AGM of Court for the session in question)	Mr Gordon Anderson Mrs Jill Burgess Emeritus Professor Dame June Clark Mr Ralph Miller Mr Howard Morgan Mr Brian Thompson	January 2017 (2015/16*) January 2018 (2016/17*) January 2018 (2016/17*) January 2015 (2013/14*) January 2016 (2014/15*) January 2016 (2014/15*)
4 members of the academic staff appointed by and from the Senate,  (2 of the status of professor and 2 non-professorial staff)	Professor David Blackaby Professor Gareth Morgan Dr Katharina Hall Mr Chris Whyley	30 September 2016 30 November 2014 23 November 2015 23 November 2015
6 members co-opted by the Council of Swansea University	Mr Huw Jones Sir David Lewis Mr John Mahoney Mrs Rosemary Morgan Mrs Ann Owen Lord Michael Williams of Baglan	10 September 2017 20 January 2018 25 March 2016 10 September 2015 29 March 2018 March 2017
2 employees of Swansea University nominated by the University's recognised Trades Unions	Dr Simon Hoffman Mr John Tregembo	10 September 2015 10 September 2015
President of Students' Union	Mr Zahid Raja	30 June 2014
Students' Union Sports Officer	Ms Charlotte Peters	30 June 2014

The University is organised into seven Colleges.

The administrative and support activities are led by the Registrar and Chief Operating Officer.

The Senior Management Team has operational responsibility for the University and comprises the Vice-Chancellor, Pro-Vice-Chancellors, Director of Finance, Registrar and Chief Operating Officer.

The Senior Management Team now comprises:

Professor Richard B. Davies – Vice-Chancellor

Mr Raymond Ciborowski – Registrar and Chief Operating Officer

Professor Iwan Davies – Pro-Vice-Chancellor (The Estate, Internationalisation, and External Affairs)

Professor Ian Cluckie – Pro-Vice-Chancellor (STEM subjects, Medical and Health Science)

Professor Noel Thompson – Pro-Vice-Chancellor (Arts, Humanities, and Social Sciences) Stood down 31st December 2013

Professor Alan Speight – Pro-Vice-Chancellor (Student Experience and Academic Quality Enhancement)

Professor Hilary Lappin-Scott – Pro-Vice-Chancellor (Strategic Development / Change Management)

Mr Rob Brelsford-Smith – Director of Finance

The 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.

The University's governance structure is more fully explained in the corporate governance section.

## RESEARCH AND INNOVATION

During the year the value of grants and contracts income increased by 16% to £43.1 million from £37.2 million in the previous year.

## TEACHING AND LEARNING

### Student Numbers

All Students	Home	Island	Overseas	Total	*FTE Load Home	FTE Load Island	FTE Load Overseas	FTE Load Total
Full-Time Undergraduate	9,626	13	2,305	11,944	7,848	12	1,360	9,220
Part-Time Undergraduate	2,096	0	0	2,096	312	0	0	312
Full-Time Taught Postgraduate	516	0	538	1,054	671	0	519	1,190
Part-Time Taught Postgraduate	734	0	6	740	203	0	1	204
Full-Time Research Postgraduate	403	0	154	557	391	0	148	539
Part-Time Research Postgraduate	133	0	7	140	67	0	3	70
Non-Fundable Undergraduate	1,545	0	0	1,545	1,027	0	0	1,027
	<b>15,053</b>	<b>13</b>	<b>3,010</b>	<b>18,076</b>	<b>10,519</b>	<b>12</b>	<b>2,031</b>	<b>12,562</b>

\*FTE: Full-time equivalent

## THE WORK OF THE UNIVERSITY

It has been another successful year for Swansea University. Work on the £450 million Bay Campus has progressed significantly through the year. The development is on schedule and will be ready for staff and the new intake of students in September 2015.

The campus, which will be home to a major engineering complex (including an innovation hub and an engineering manufacturing centre) and the School of Management, highlights how Swansea University works with industry to enable the development and commercialisation of world-leading research, which drives economic regeneration and creates exciting employment opportunities for our graduates.

Work has included the construction of the iconic Great Hall which will house a large lecture theatre and auditorium for the University and has sweeping views across the Bay from a first floor bar area. The recent announcement of an additional £50m project encompassing a further 545 student residences, student union facilities, crèche, sports hall and meeting rooms will bring the total amount of campus space under construction to around one million sq ft, including 465,000 sq ft of research, innovation and education facilities and 1,462 new student residences, clustered around communal courtyards, with direct access to the beach and nearby ancillary student amenities.

On the Singleton Park Campus, construction of the Data Science building is on schedule for the building's opening in 2015. Further investments have also been made as part of an ongoing programme of work to renovate Fulton House, with refurbishment of the reception area recently completed.

This year, the University has also seen a continued rise in applications to study at Swansea, with a further 25% increase in numbers applying for entry in 2014. Our success was recognised this year by the Times Higher Education in its Leadership and Management Awards 2014, where the University won the 'Outstanding Student Admissions Team' award.

Our hard work over recent years is paying off. In May this year UK students voting in the WhatUni Student Choice Awards 2014 voted Swansea University to be the 'Best University in the UK' – recognising our commitment to providing an excellent student experience and an excellent learning experience. On our path to achieving our ambition of a top-30 ranking by 2017, we have seen improvements in all three domestic league

tables; rising six places in the Complete University Guide 2015 to position 42, four places in the Times/Sunday Times to position 43 and three places in the Guardian University Guide 2015 to position 57 – our best year across the domestic league tables for over five years.

We have also done well across all subjects for graduate job prospects, a crucial measure for today's students. This success underlines the importance of teaching students excellent communication skills, team working, and how to work under pressure and demonstrate tenacity in different, challenging situations.

With the opening of the Bay Campus from September 2015 we look forward to the challenges ahead in the knowledge that the hard work already undertaken is putting us in a strong position for continued success.

## COLEG CYMRAEG CENEDLAETHOL

The development of Welsh-medium teaching across all subjects is overseen by Academi Hywel Teifi which is the home to the University's branch of the Coleg Cymraeg Cenedlaethol. During the past year the Academi has undertaken a range of work to further the Welsh-medium agenda, including the promotion of Welsh-medium staffing opportunities available from the University or the Coleg Cymraeg Cenedlaethol and the exploration of ways to increase Welsh-medium provision by supporting existing bilingual staff. Planned initiatives include increasing the number of students taking part in the Tystysgrif Sgiliau Iaith Gymraeg (Welsh Language Skills Certificate) that demonstrates their ability to communicate confidently and professionally in both written and spoken Welsh.

A number of successful applications have been made by the University for funding from the Coleg Cymraeg Cenedlaethol's Strategic Fund, which enabled staff to develop new modules, to hold summer schools for pupils and to prepare teaching resources. In addition, funding was awarded from the Coleg Cymraeg for four lecturer posts in Physics, Physical Geography, Nursing and Midwifery which means the University is now home to 15 lecturers funded by the Coleg Cymraeg. The University received a number of Scholarships and incentive awards to allocate to eligible students. We plan to work to extend the provision, in order to increase the number of courses eligible for these awards.



## 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 objects 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.

<p><b>To provide an environment of research excellence, with research that is world leading, globally collaborative and internationally recognised.</b></p>	<p>The University achieved the highest growth in internationally excellent and world-leading research activity of any University in the UK in the 2008 Research Assessment Exercise and demonstrated an outstanding performance in Engineering, Medicine and Computer Science. By developing its research portfolio, the University is addressing the challenges that confront society and is contributing to the well being and prosperity of the local community, Wales and the world.</p> <p>The University's College of Engineering has doubled in size since 2008 and is positioned amongst the UK's Russell Group institutions for research performance, whilst the College of Medicine is one of the UK's fastest growing medical schools and the College of Science, encompassing Bioscience, Computer Science, Geography, Mathematics and Physics, is on a strong upward trajectory. These Colleges working in interdisciplinary collaborations with researchers in the Arts, Humanities and Social Sciences have created the strength, both physical and reputational, that will allow Swansea University to contribute significantly to the research base in Wales.</p> <p>The University also holds a series of regular events and lectures which are open to the public, and which help develop the public's understanding of science.</p>
<p><b>To 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></p>	<p>The University educates more than 18,000 undergraduate and graduate students across a broad range of subject areas. This education develops students academically and advances their leadership qualities and interpersonal skills, and prepares them to play full and effective roles in society.</p> <p>To support this aim the University has established the Swansea Academy of Learning and Teaching (SALT) and the Swansea Employability Academy (SEA). 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 and entrepreneurs. The sectors skills council and government support the development of employability, innovation and entrepreneurial skills amongst the student body, including through significantly increasing the number of students that have the opportunity to undertake a work placement or study abroad.</p> <p>The University recognises that widening access to higher education must deliver the higher level skills that permanently improve the life chances of the beneficiaries. It admits students who have the highest potential for benefiting from higher education and recruits academic staff who are able to contribute most to the academic excellence, regardless of their financial, social, religious or ethnic background. The University has an excellent record of achievement in this area and the Swansea Academy of Inclusivity and Learner Support (SAILS), established in 2012, provides a campus wide focus on widening access to increase opportunities for people from diverse backgrounds to benefit from higher education, and ensuring that students have the academic and pastoral support they need to succeed in their studies.</p>

<p>...continued</p>	<p>Every College in the University has a lead person to work with departmental colleagues to identify existing good practice in the University in relation to widening access and learner support and to take forward further development.</p> <p>An extensive outreach programme raises educational aspiration and attracts outstanding applicants who might not otherwise have considered applying to the University. This includes an extensive programme of visits to schools, visits by schools to the University, open days, admissions symposia for teachers, as well as guidance and information on the University website for prospective applicants.</p>
<p><b>To use its research strength, collaboration with industry and global reach, to drive economic growth, foster prosperity, enrich the community and cultural life of Wales and, contribute to the health, leisure and well being of its citizens.</b></p>	<p>The University over the last ten years has taken a radical and transformational approach, to position itself as an effective 'anchor' university within the region through the delivery of its long term strategy for research and industry collaboration. The University's growth over the last decade is critical in terms of its ability to impact on economic growth within Wales. The critical mass established in the priority sectors of Advanced Engineering and Materials, ICT and the Digital Economy and Life Sciences and Health enable the University to drive real productivity gains and boost the region's economic competitiveness.</p> <p>Building upon its research strength and industry partnerships, the University has successfully delivered a number of large projects supported by European Structural Funds which have realised significant benefits for Wales and the region through job creation, productivity growth and support for business. Of particular note is the University's Institute of Life Science, the research arm of the College of Medicine, which has delivered tangible benefits to healthcare and the regional economy; and the Bay Campus, currently under construction that builds on the World-leading research of the University's College of Engineering. When completed in 2015 the Bay Campus will provide the high quality space and specialised facilities to enable research, development and innovation and to drive increased collaboration with industry. The University also supports local businesses by working directly with local employers to identify and meet their skills needs and to help them to develop skills essential to bringing increased prosperity to Wales.</p> <p>The University holds historical research collections of international importance. These unique and diverse collections, including the Richard Burton Archives, support world-leading research and teaching in the University and range in scope from rare books and archives to oral history records and pamphlets. The University's Archives preserves the collections and makes them accessible for current and future generations. The Collections, themselves, provide a fascinating insight into the industrial, cultural, social, political and educational history of South Wales, and are open to the public.</p> <p>The Taliesin Arts Centre and the Egypt Centre museum, both of which are based on the campus, provide a broad programme of cinema screenings, visiting exhibitions and activities for the local community, the public and local schoolchildren. The University also has extensive Library and sporting facilities which are available to the local community.</p> <p>Discovery, a student-led organisation, co-ordinates hundreds of student volunteers in around 20 student-run community-based projects. It tackles social isolation and poverty through working with children and adults with disabilities and learning difficulties, and providing companionship and practical help for older people.</p> <p>Beneficiaries of the University include students, visiting academic staff and schoolchildren, alumni of the University and the general public – all of whom have an opportunity to attend educational events (such as public lectures, exhibitions and other activities) and to use its academic facilities.</p>

## FINANCIAL AND RISK MANAGEMENT

### INCOME

There was a decrease in the recurrent funding body grants of £3.7 million reflecting the continued reduction in grant from HEFCW. Consequently, tuition fee income from home and EU students increased by £14.0 million during the year reflecting the increase of tuition fees introduced in 2013. This increase in tuition fee income has been offset by £4.4 million worth of expenditure on bursaries which is a requirement of the Fee Plan.

### CASH FLOW

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

### BORROWING POLICY

The University has previously maintained a relatively small level of borrowings which relate to capital schemes the University has undertaken in the past. The borrowing has increased again in 2013/14 as part funding towards the Bay Campus development which will be completed by September 2015. More recently the University has adopted a policy of allowing third parties to develop facilities such as student accommodation.

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 European Investment Bank (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.

### 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. The bulk of these are managed in a segregated account on the University's behalf and have a maturity profile that balances risk and return whilst reflecting the University's capital investment plans. A £5m limit applies to the size of deposits with individual counterparties, though up to £10m may be placed with UK clearing banks.

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.

### PRINCIPAL RISKS AND UNCERTAINTY

The threats to the University are managed by the University Senior Management Team (SMT) via a University Risk Register. Whilst ownership of risks is retained at a senior level of management, the mitigating actions are then cascaded down the University organisation. All Colleges and Professional Services Departments at the University have individual risk registers to ensure that active risk management takes place. The University Risk Register is reviewed in a quarterly cycle by SMT and by the Directors of Professional Services departments. There are currently 25 risks on the University Risk Register and of these 7 are considered to be in RED status, i.e. of most concern.

- The risk in relation to University Pension Schemes is considered to be of concern due to scheme valuations and potential deficits having an impact on member benefits and future contribution rates
- The continued success in growing student numbers in the academic year before the Bay Campus opens has caused increased pressures on physical space at Singleton Campus
- The risk that a lack of adequate maintenance on older buildings at Singleton Campus may impact teaching or research activities
- The successful delivery of the Bay Campus is considered to be critical to the achievement of the University strategies
- A failure to successfully deliver the many externally funded academic projects could impact College business plans and the University reputation and finances

- A failure to successfully deliver High Performance Computing (HPC) strategies and in particular successfully deliver on commitments by HPC Wales will impact the academic needs of the University and also University reputation and finances
- The University vision of being a research-led University is dependent on research income targets being achieved.

## KEY PERFORMANCE INDICATORS

The University utilises a number of Key Performance Indicators (KPIs) to assist in the monitoring of the University against objectives. Some of the main KPIs are shown below.

### TEACHING & LEARNING

<b>KPI</b>	Full-time undergraduate degree success
<b>Measuring</b>	Success in supporting students in their learning experience
<b>Year</b>	<b>Obtaining 1st / 2.i class degree (%)</b>
2013-14	74.1
2012-13	71.4

**Comment:** The proportion of students obtaining 1st and 2.i class degrees continues to increase.

<b>KPI</b>	National Student Survey percentage ratings of each quality dimension at institutional level						
<b>Measuring</b>	Student satisfaction with quality of teaching and learning						
<b>Year</b>	<b>The teaching on my course (%)</b>	<b>Assessment and feedback (%)</b>	<b>Academic Support (%)</b>	<b>Organisation and management (%)</b>	<b>Learning resources (%)</b>	<b>Personal development (%)</b>	<b>Overall, I am satisfied with the quality of the course (%)</b>
2014	87	71	82	75	84	83	89
2013	86	70	79	77	79	80	86

**Comment:** The University continues to strive to improve the student experience through a variety of measures.

### DIVERSITY

NS-SEC: National Statistics Socio-economic Classification

<b>KPI</b>	Percentage of students from widening participation groups	
<b>Measuring</b>	Success at attracting under-represented groups in Higher Education to study at Swansea University	
<b>Year</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Widening participation (%)</b>		
From Communities First areas	6.2	6.7
From NS-SEC Classes 4,5,6 & 7	18.4	18.8
From low affluence areas	13.4	13.3
<b>Internationalisation (%)</b>		
Overseas student numbers as a percentage of total students	17%	15%

**Comment:** The University continues to attract under-represented groups to study at Swansea University.

## STUDENT/STAFF RATIO

<b>KPI</b>	Number of staff as proportion of student numbers		
<b>Measuring</b>	Level of support given to students by staff		
<b>Year</b>	<b>Number of students (fte)</b>	<b>Number of academic staff (fte)</b>	<b>Student / Staff Ratio</b>
2013-14	12,562	843	14.90
2012-13	12,234	820	14.92

**Comment:** 2013-14 fundable students total 11,535 which is consistent with the previous two years.

## RESEARCH

<b>KPI</b>	Research income growth	Research grants awarded growth
<b>Measuring</b>	Success in growing research income	Success in research grant capture
<b>Year</b>	<b>Actual (£m)</b>	<b>Actual (£m)</b>
2013-14	43.1	38.9
2012-13	37.2	33.7

**Comment:** During the year there has been an increase of 16% in research income. The value of research grant capture during the year has risen 14%.

## FINANCIAL

<b>KPI</b>	Operating surplus (before exceptional items) as a percentage of income
<b>Measuring</b>	Ability to invest in the assets of the University
<b>Year</b>	
2013-14	3.5
2012-13	2.0

**Comment:** The University aims for a target surplus of 3% as a percentage of income as outlined in its financial strategy.

<b>KPI</b>	Days liquid net assets to expenditure
<b>Measuring</b>	Liquidity – the ability to pay the University's costs
<b>Year</b>	
2013-14	85
2012-13	78

**Comment:** The University aims to hold at 35 days expenditure in liquid assets; this is currently being exceeded due in part to the high level of cash held as a result of grants and loans received in advance.

<b>KPI</b>	Expendable liquid net assets to long term debt
<b>Measuring</b>	Viability – the ratio of University’s own funds to external funds
<b>Year</b>	
2013-14	1.37
2012-13	2.09

**Comment:** During the year the University drew down a further £15 million from its European Investment Bank loan facility towards the Bay Campus construction which has further decreased the previously high ratio. Under financial covenants the EIB debt should not exceed more than 30% of net assets.

## ESTATES

All estates KPIs are based on the latest information available from Estate Management Statistics (EMS).

<b>KPI</b>	Energy costs
<b>Measuring</b>	The average expenditure on energy provision (all fuels) per m2 total estate net internal area (NIA). Where NIA figures are not available, room area has been scaled up by 6%
<b>Year</b>	
2012-13	25.65
2011-12	22.79

**Comment:** The expenditure per m2 has increased since last year due to rising energy costs and increased usage.

<b>KPI</b>	Emissions	
<b>Measuring</b>	Notional energy emissions (kg CO2) psm gross internal area (GIA) (D11) C1	Notional energy emissions (kg CO2) per student FTE (D4) C1
<b>Year</b>		
2012-13	99	1,568
2011-12	84	1,342

**Comment:** The University continues to make efforts to ensure emissions remain as low as possible, although this is difficult given the age profile of the buildings. Emissions have increased due to increased energy use.

<b>KPI</b>	Non-residential estate – square metres per student
<b>Measuring</b>	How much space is allocated to each student
<b>Year</b>	<b>m<sup>2</sup></b>
2012-13	7.4
2011-12	7.2

**Comment:** To improve the students experience more space has been made available per student.

## FINANCIAL REPORT

### INTRODUCTION

It has been a successful year for the University in managing to achieve a healthy surplus at a time of great uncertainty in the wider economic environment. Overall income has seen a growth of 12.9%, and through effective management of resources a surplus of £7.2 million (3.5% of income) has been achieved. Research grant income in the year grew by 16% to £43.1 million from £37.2 million.

Net income grew 12.9% from £181.8 million to £205.2 million, with the decreases in funding council grant income more than offset by increases in overall research income and additional academic fees.

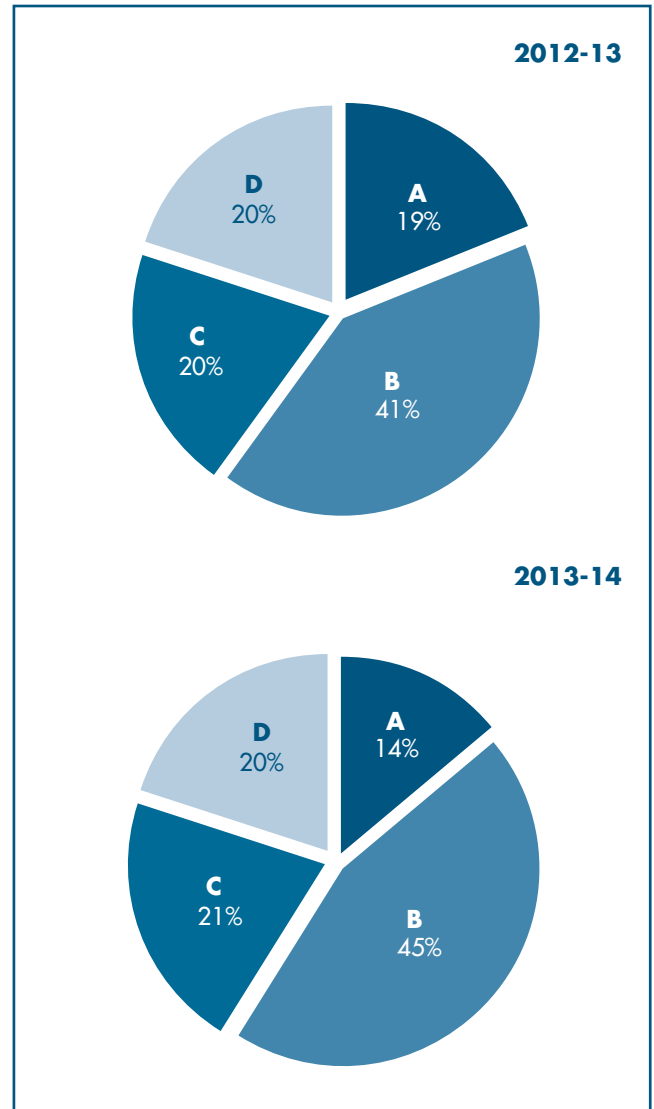
Expenditure increased from £178.1 million to £198.0 million, with the main increase being staff costs.

### INCOME

Academic fees from full-time home and European Union (EU) students increased by £14.0 million (33.1%) reflecting the shift from Funding Council income to tuition fees charged. This increase in tuition fee income has been offset by £4.4 million worth of expenditure on bursaries which is a requirement of the Fee Plan.

Academic fees from full-time international students increased by £3.0 million (14.5%), reflecting the additional students recruited over the past few years.

Funding Council grants for recurrent funding decreased by £3.7 million (13.7%).



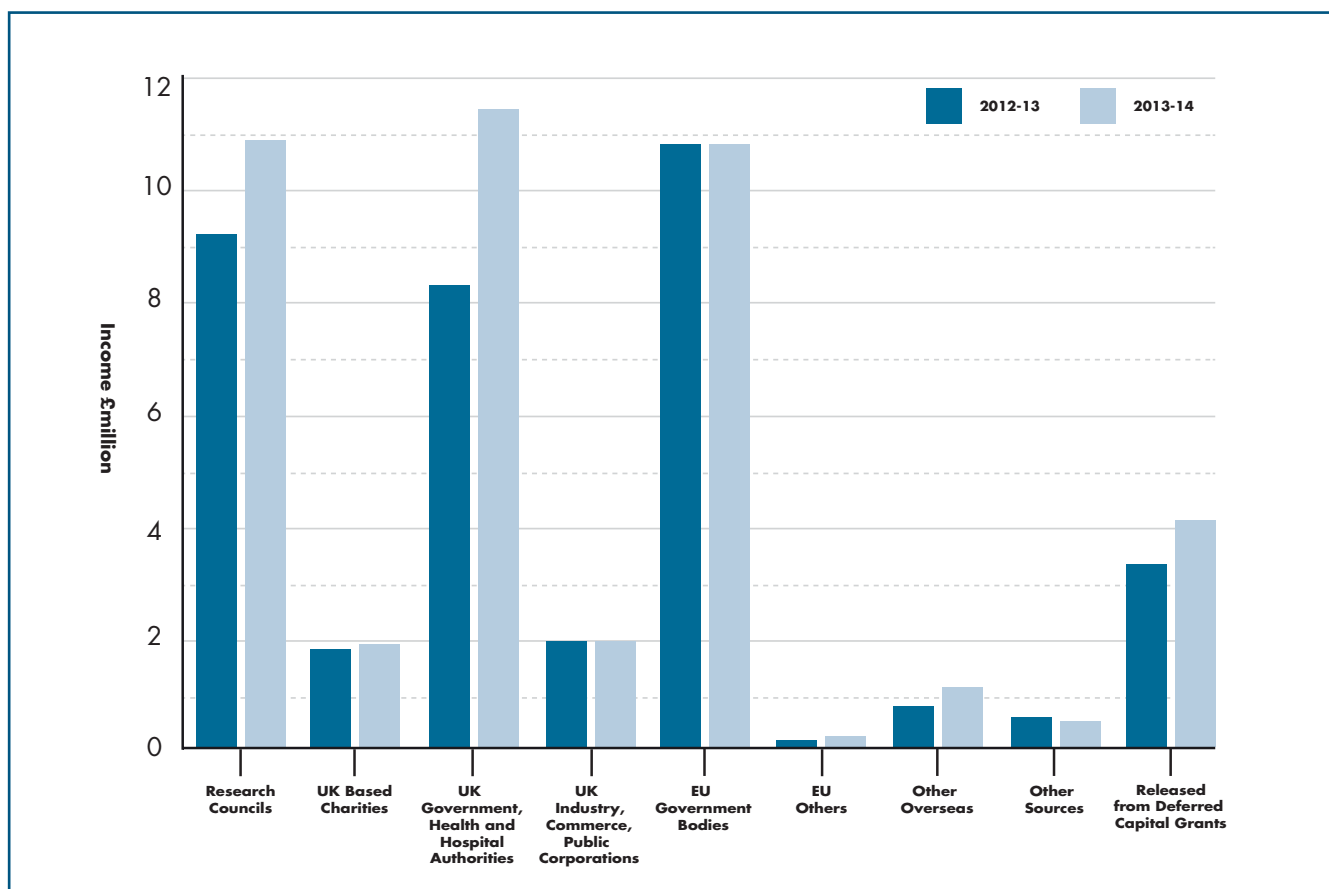
The key income streams are summarised below:-

- A** Funding Council grants
- B** Tuition fees and education contracts
- C** Research grants and contracts
- D** Other income (incl. Endowment and investment income)



## RESEARCH

Research income in the year was £43.1 million, an increase of £5.9 million (15.8%) on the previous year. Due to the level of grants and contracts awarded during the year (and in the previous years) it is anticipated that from 2013-14 onwards income from research grants will continue to increase.

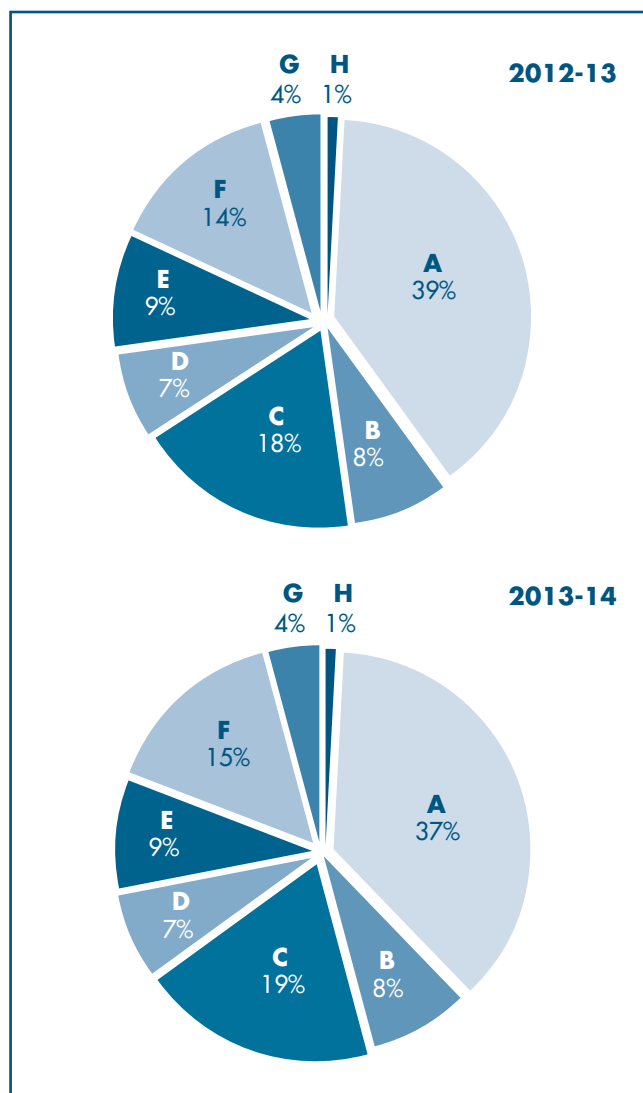


## BEQUESTS AND DONATIONS

During the year the University received a donation of 6,440,842 shares in the ASX listed company Bluglass Limited. These shares were valued at £497K.

**EXPENDITURE**

The key expenditure streams are summarised below:



- A** Academic departments
- B** Academic services
- C** Research grants and contracts
- D** Residence, catering and conferences
- E** Premises
- F** Professional services
- G** Other services rendered
- H** Other activities

**CASH FLOW**

The University had a net cash inflow from operating activities of £26.2 million, compared to £3.7 million in the previous year; the main reasons for this increase are timing differences resulting in increases in grants received in advance and trade creditors, along with the increase in the surplus on continuing operations. The University’s short-term deposits are managed by the Royal London Group, the performance of which is monitored by the Investment Sub-Committee against pre-determined benchmarks. In accordance with the University’s Treasury Management Policy, the investment objective is to achieve the best possible return whilst minimising risk. At 31 July 2014, the University held short-term deposits/cash of £44.1 million and a further £1.8 million on behalf of endowment funds.

These balances are expected to decline in future years as the University fulfils its capital development programme.

Short-term deposits/cash held by the University at 31 July 2014 represented 85 days’ expenditure (excluding depreciation) which can be compared to the target set by the University of 35 days’ expenditure.

A key change to the University’s cash flow is the increase in borrowing for fixed assets purchase and construction. The level of borrowing increased during the year by £15 million to £32 million.

It is the University’s policy to seek the best available payment terms for all its business. During the year the period taken to settle trade creditors was on average 36 days (2012-13: 35 days).

## BALANCE SHEET

Overall, net assets increased from £79.7 million to £114.0 million.

The major movements in balance sheet categories were as follows:

- Tangible fixed assets have increased year on year from £112.8 million to £165.0 million as a result of additions of £63.2 million exceeding the depreciation charge of £10.9 million. £57.1 million of the additions related to land and buildings. A total of £71.6 million relates to the construction of the new Bay Campus and is not yet being depreciated.
- Short-term deposits and cash increased by £8.0 million.
- Bank loans increased by £14.7 million as a result of the financing required for the capital spend on the Bay Campus construction.

## PENSIONS

The two principal pension schemes for University staff are the Universities Superannuation Scheme (USS) and the Swansea University Pension Scheme (SUPS). The assets of both schemes are held in trustee administered funds.

The pension deficit for the SUPS (as measured by Financial Reporting Standard 17) decreased from £45.1 million to £42.5 million. This included an actuarial gain recognised in the statement of total recognised gains and losses of £3.2 million.

From the 1st January 2012 the SUPS scheme was closed to new members, staff that were previously offered the option to join the SUPS scheme are now invited to join a defined contribution scheme operated by NEST (National Employment Savings Trust). Both employees and employers make contributions into the scheme to build up pension benefits.

The USS is a multi-employer scheme and, as the University is unable to identify its share of the underlying assets and liabilities, the scheme is treated as a defined contribution scheme, whereby contributions are charged as incurred.

The long-term financial viability of the schemes depends on a number of factors, including changes to the age profile of members of the schemes, interest rates, the value of investments and benefits offered by the schemes. The University will continue to monitor the financial position of the schemes, together with the potential impact on the financial statements.

## RESERVES

The University's income and expenditure account reserves at 31 July 2014, excluding the pension liability, stood at £63.8 million, compared to £55.9 million for the previous year. The level of reserves remains low when compared with other higher education institutions and the University is committed to move to a position of generating significant surpluses in the medium term in order to enhance reserves.

After taking account of the pension liability referred to above and the revaluation reserve, the University had reserves of £22.1 million at 31 July 2014, compared to reserves of £11.7 million at 31 July 2013.

## LIQUIDITY

The University has increased borrowing due to the Bay Campus construction, which has increased the previously low gearing ratio. The balance sheet is valued at historical cost, therefore does not take account of the underlying market value of the assets which is in excess of £200 million.

## FINANCIAL MANAGEMENT

The financial management of the University is becoming more complex as a result of the funding and financing arrangements. New financing methods such as the European Investment Bank loan along with significant euro currency receipts and the prospect of a short-term credit facility has resulted in the University increasing its attention to financial management and 'in particular' to cash flow management.

**FINANCIAL STRENGTH**

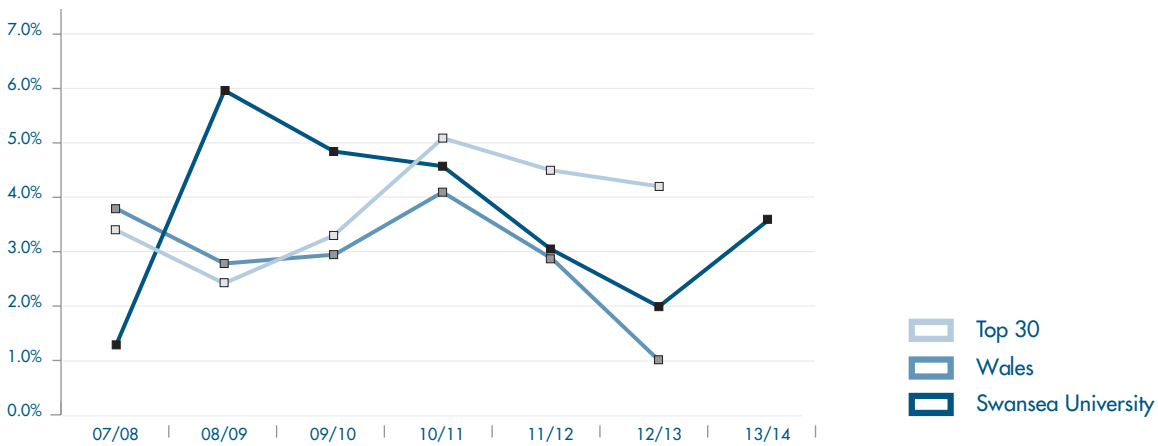
The University uses a number of measures to monitor its financial strength; some of these key performance indicators are below:-

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Net income (£m)</b>	150.3	158.9	172.5	178.3	181.8	205.2
<b>EBITDA</b>	7.2	11.5	14.0	9.5	8.4	13.5
<b>Surplus (£m)</b>	2.5	7.7	7.9	5.4	3.7	7.2
<b>Surplus as % of Income</b>	1.7%	4.8%	4.6%	3.0%	2.0%	3.5%
<b>Growth in Income</b>	4.8%	5.7%	8.6%	3.3%	1.9%	12.9%

(E.B.I.T.D.A – Earnings before Interest, Taxation, Depreciation and Amortisation).

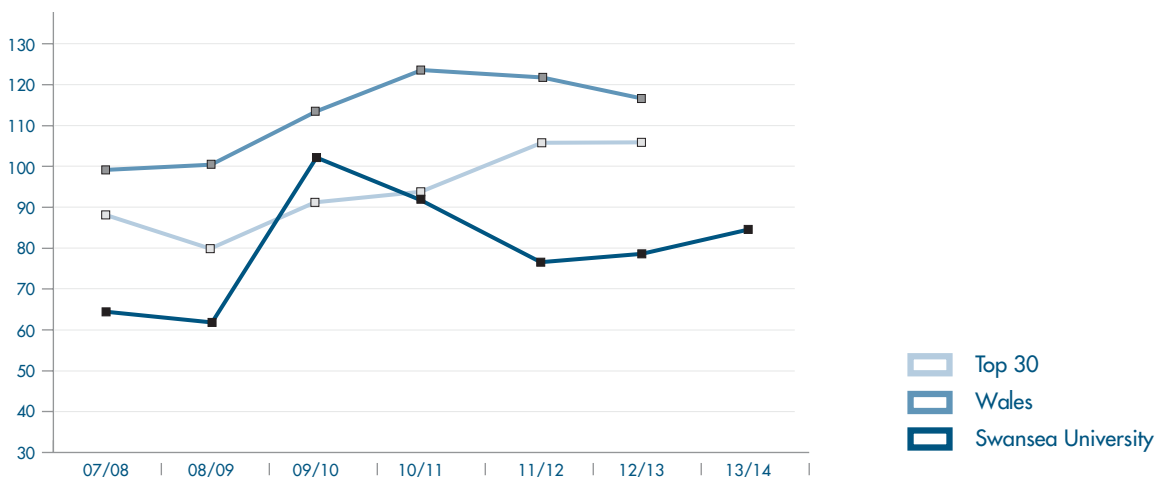
*Surplus as a percentage of income*

This highlights the University’s performance in terms of its ability to invest in future years in building capacity.



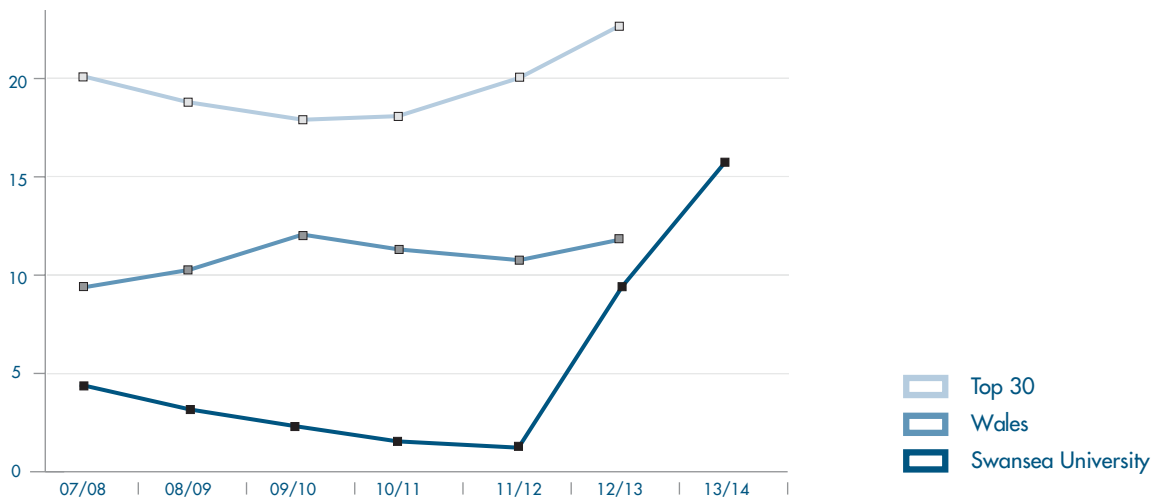
*Liquidity – Days net liquid assets to expenditure (excluding non-cash expenditure)*

This measures the liquidity of the University, and highlights its ability to finance its activities.

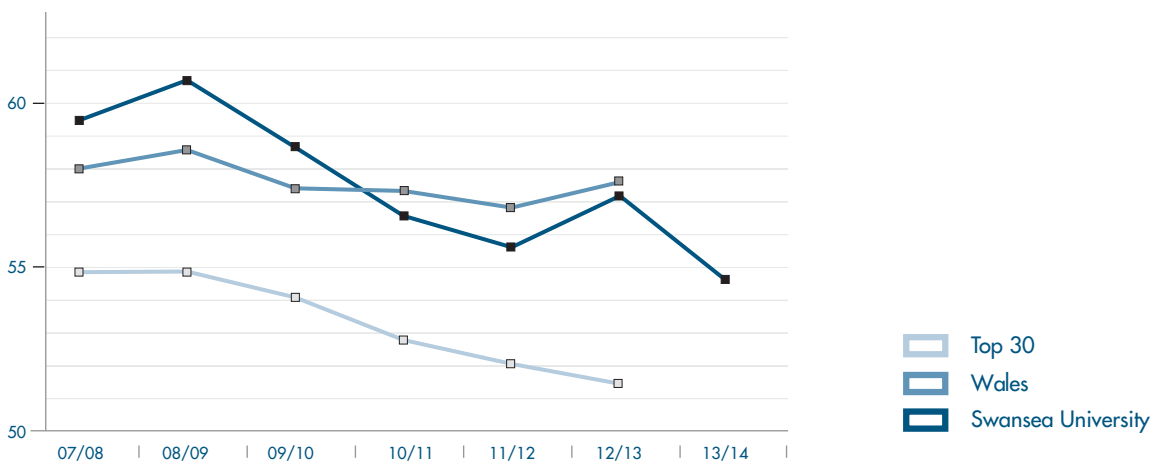


**Borrowings – Borrowings as a percentage of income**

This measures the ratio of external borrowing of the University to total income of the institution, and highlights the strength of its income to its reliance on external debt.

**Staff Costs – Staff Costs as a percentage of income**

This measures the financial health of the University and shows what percentage of income is spent on staff costs.

**OUTLOOK**

The University continues to make a major investment in its estate which will dominate its financial position over the next ten years. It is doing so at a time when there is continuing uncertainty and reductions in the level of funding available to the sector in future years. The strategic development of Swansea University will create a transformational asset for the Swansea Bay Region as well as Wales.

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

## CORPORATE GOVERNANCE

The following statement is provided to enable readers of the annual report and accounts of the University to obtain a better understanding of its governance and legal structure. This report covers the full financial year and up to the date of approval of the Financial Statements.

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 2010 with a registration number 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 with the guidance to universities from the Committee of University Chairs in its Guide for Members of HE Governing Bodies in the UK. The Guide incorporates a Governance Code of Practice.

In respect of the year ended 31 July 2014, the Council can report that there was no element of the Governance Code of Practice with which the University's practice was not consistent.

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.

Details of Council's responsibilities are reflected in the section 'Statement of the Council's Responsibilities.'

- **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:

- **Finance**  
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 ongoing financial performance against budget and advises Council on the funding implications of capital plans.
- **Human Resources**  
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.

- **Nominations**

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.

- **Remuneration**

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

- **Audit**

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 and senior officers which may be consulted by arrangement with the Administrative Secretary.

The role of the Secretary to Council is defined in the University's ordinances. The Secretary to Council also acts as the Secretary to the some of the Committees of Council.

## FINANCIAL STATEMENTS

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## STATEMENT OF THE 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 ongoing process for identifying, evaluating, and managing the University's significant risks that has been in place for the year ending 31 July 2014, and up to the date of approval of the financial statements. This process is regularly reviewed by the Council.

## REPORT OF THE AUDITORS TO THE COUNCIL OF SWANSEA UNIVERSITY

### OUR OPINION

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the institution's affairs as at 31 July 2014, and of the income and expenditure, recognised gains and losses and cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been 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 section 144 of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

### WHAT WE HAVE AUDITED

The financial statements, which are prepared by Swansea University comprise:

- the Balance Sheets as at 31 July 2014;
- the Income and Expenditure Account for the year then ended;
- the Statement of Total Recognised Gains and Losses for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

### WHAT AN AUDIT OF THE FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Operating and Financial Review and Financial Statements to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINIONS ON OTHER MATTERS PRESCRIBED IN THE HEFCW AUDIT CODE OF PRACTICE ISSUED UNDER THE FURTHER AND HIGHER EDUCATION ACT 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;
- income has been applied in accordance with the institution's statutes; and
- funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

## OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

### 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 institution; or
- the 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.

### OTHER INFORMATION IN THE ANNUAL 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.

### INTERNAL CONTROL

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control is inconsistent with our knowledge of the institution. We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### OUR RESPONSIBILITIES AND THOSE OF THE COUNCIL

As explained more fully in the Statement of Council's Responsibilities set out on page 24, the Council (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

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

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

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Swansea

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

- (a) The maintenance and integrity of the Swansea University website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF PRINCIPLE ACCOUNTING POLICIES

### SCOPE OF THE FINANCIAL STATEMENTS

The financial statements presented to the Council have been prepared in accordance with the recommendations of the Statement of Recommended Practice: Accounting for Further and Higher Education 2007, applicable Accounting Standards in the United Kingdom and the Accounts Direction issued by HEFCW.

The operating and financial review has been prepared with reference to the Accounting Standards Board's Reporting Statement: "The Operating and Financial Review" issued in January 2006.

### BASIS OF PREPARATION

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets, and on the going concern basis. The Principal Accounting Policies have been applied consistently throughout the year.

### BASIS OF CONSOLIDATION

The consolidated financial statements for the financial year to 31 July 2014 include the University and all subsidiary undertakings where results, assets and liabilities (taken together for all undertakings) are of material value in relation to the University's Financial Statements.

In addition, the consolidated accounts include the results of the Wales National Pool Swansea.

This company is owned jointly on a 50/50 basis by the University and the City and County of Swansea and operates the Wales National Pool. As this company is owned and controlled by both of the above partners, it is accounted for on a joint venture basis.

The consolidated financial statements do not include those of the Students' Union because the University does not control this activity.

### RECOGNITION OF INCOME

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

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such

performance are recognised on the balance sheet as liabilities.

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

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

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

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

Any increase in value arising on the revaluation of heritage assets is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

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

### AGENCY ARRANGEMENTS

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

## TAXATION

The University is a charity registered with the Charities (number 1138342). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 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 tangible fixed assets is included in their cost.

## FREEHOLD LAND AND BUILDINGS

Freehold land and buildings are stated at cost.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

## HERITAGE ASSETS

Works of art and other valuable artefacts (heritage assets) or group of related items, valued at over £25,000, have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## EQUIPMENT

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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

Telephone exchange	7 years
All other equipment	3 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

## DEPRECIATION

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of between 15 and 40 years on the amount at which the tangible fixed asset is included in the balance sheet.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

## ACQUISITION WITH THE AID OF SPECIFIC GRANTS

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

## REPAIRS AND MAINTENANCE

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

## INVESTMENTS

Listed investments held as endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower cost or net realisable value.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

## STOCK

Stocks are stated at the lower of their cost and net realisable value. Cost is determined on a First In-First Out (FIFO) methodology. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

## CASH FLOWS AND SHORT-TERM DEPOSITS

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

Short-term deposits comprise assets held as readily disposable store of value. They exclude any such assets held as endowment asset investments.

## JOINT VENTURE ENTITIES AND ASSOCIATES

The University's share of income and expenditure in joint venture entities is recognised in the University's income and expenditure account in accordance with FRS 9. Similarly the University's share of assets and liabilities in associate entities is recognised in the University's balance sheet in accordance with FRS 9.

The gross equity method is used when consolidating joint venture entities. Associate entities are consolidated using the equity method entities in accordance with FRS 9.

### ACCOUNTING FOR CHARITABLE DONATIONS – UNRESTRICTED DONATIONS

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

### ENDOWMENT FUNDS

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

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

### TOTAL RETURN ON INVESTMENTS FOR PERMANENT ENDOWMENTS

Total return is the whole of the investment return received by the University on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

### DONATIONS FOR FIXED ASSETS

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

### GIFTS IN KIND, INCLUDING DONATED TANGIBLE FIXED ASSETS

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate, using a reasonable estimate of their gross value or the amount actually realised.

### ACCOUNTING FOR RETIREMENT BENEFITS

The University contributes to the Universities Superannuation Scheme (USS), the Swansea University Pension Scheme (SUPS), and the NHS pension scheme. All schemes are defined benefit schemes but the USS and NHS schemes are both multi-employer schemes and it is not possible to identify the assets of the scheme, which are attributable to the University. In accordance with FRS17, these schemes are accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable. The University is able to identify its share of assets and liabilities of the SUPS and thus the University fully adopts FRS17 "Retirement Benefits" for this scheme.

From 1st January 2012 the SUPS scheme was closed to new members; staff that were previously offered the option to join the SUPS scheme are now invited to join a defined contribution scheme operated by NEST (National Employment Savings Trust). Both employees and employers make contributions into the scheme to build up pension benefits.

### PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

### SERVICE CONCESSION ARRANGEMENTS

Service concession arrangements arise from arrangements involving an operator constructing and/or upgrading, operating and maintaining infrastructure used to provide a service for a specified period of time. Where the operator is paid for its services over the period of the arrangement, these payments are recognised as a cost in the income and expenditure account as they fall due. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. A contingent liability is disclosed where the terms of the contract contain a contractual obligation which does not meet the definition of a provision (see policy on Provisions and Contingent Liabilities).



## INCOME AND EXPENDITURE ACCOUNT

For the period ended 31st July 2014

	Note	2014 £000	2013 £000
<b>INCOME</b>			
Funding body grants	1	28,920	34,473
Tuition fees and education contracts	2	92,879	74,927
Research grants and contracts	3	43,056	37,194
Other income	4	40,428	35,338
Endowment and investment income	5	484	362
<b>Total income</b>		<b>205,767</b>	<b>182,294</b>
Less: share of joint venture turnover		(562)	(539)
<b>Net income</b>		<b>205,205</b>	<b>181,755</b>
<b>EXPENDITURE</b>			
Staff costs	6	111,811	103,910
Other operating expenses		73,663	63,525
Depreciation	10	10,915	9,812
Interest and other finance costs	8	1,594	857
<b>Total expenditure</b>	9	<b>197,983</b>	<b>178,104</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at cost</b>		<b>7,222</b>	<b>3,651</b>
Share of operating profit of joint venture		–	–
<b>Surplus on continuing operations after depreciation of tangible fixed assets at cost and disposal of assets</b>		<b>7,222</b>	<b>3,651</b>
Transfer (to) / from accumulated income in endowment funds	20	(6)	164
<b>Surplus for the year retained within general reserves</b>	21	<b>7,216</b>	<b>3,815</b>

All items of income and expenditure arise from continuing operations.

There is no difference between the surplus in each year and their historical cost equivalents.



## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the period ended 31 July 2014

	Note	2014 £000	2013 £000
Surplus on continuing operations after depreciation of assets and disposal of assets		7,222	3,651
Appreciation of endowment asset investments	20	16	730
New endowments	20	14	125
Actuarial gain / (loss) in respect of pension scheme	28	3,200	(11,200)
<b>Total recognised gains / (losses) relating to the year</b>		<b>10,452</b>	<b>(6,694)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		20,301	26,995
Total recognised gains / (losses) for the year		10,452	(6,694)
<b>Closing reserves and endowments</b>		<b>30,753</b>	<b>20,301</b>

## BALANCE SHEET

For the period ended 31 July 2014

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	165,026	112,790
Investments	11	535	38
Investments in joint venture:	12		
Share of gross assets		3,418	3,665
Share of gross liabilities		(2,358)	(2,530)
		<b>166,621</b>	<b>113,963</b>
<b>ENDOWMENT ASSETS</b>			
	13	<b>8,607</b>	<b>8,571</b>
<b>CURRENT ASSETS</b>			
Stocks		43	37
Debtors: falling due after more than one year	14	1,904	2,010
Debtors: falling due within one year	15	25,082	21,550
Short-term deposits	16	33,101	28,523
Cash at bank and in hand		11,037	7,592
		<b>71,167</b>	<b>59,712</b>
<b>less:</b>			
Creditors: falling due within one year	17	(57,996)	(40,319)
		<b>13,171</b>	<b>19,393</b>
<b>NET CURRENT ASSETS</b>			
		<b>188,399</b>	<b>141,927</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>less:</b>			
Creditors: falling due after more than one year	18	(31,887)	(17,161)
		<b>156,512</b>	<b>124,766</b>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
Net pension liability	28	(42,500)	(45,100)
		<b>114,012</b>	<b>79,666</b>
<b>DEFERRED CAPITAL GRANTS</b>			
	19	<b>83,259</b>	<b>59,365</b>
<b>ENDOWMENTS</b>			
Expendable	20	3,272	3,305
Permanent	20	5,335	5,266
		<b>8,607</b>	<b>8,571</b>
<b>RESERVES</b>			
Income and Expenditure account excluding pension reserve	21	63,754	55,938
Pension reserve	21	(42,500)	(45,100)
Income and Expenditure account including pension reserve		<b>21,254</b>	<b>10,838</b>
Revaluation reserve	21	892	892
		<b>114,012</b>	<b>79,666</b>
<b>TOTAL FUNDS</b>			

The financial statements on pages 23 – 52 were approved by the Council on 8th December 2014 and signed on its behalf by:

## CASH FLOW STATEMENT

For the period ended 31 July 2014

	Note	2014 £000	2013 £000
Net cash inflow from operating activities	22	26,238	3,716
Returns on investments and servicing of finance	23	190	305
Capital expenditure and financial investments	24	(33,115)	(16,054)
Management of liquid resources	25	(4,578)	2,377
Financing	26	14,730	14,733
<b>Increase in cash in the year</b>		<b>3,465</b>	<b>5,077</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		3,465	5,077
Change in short-term deposits	25	4,578	(2,377)
Change in debts	26	(14,730)	(14,733)
<b>Change in net funds</b>	27	<b>(6,687)</b>	<b>(12,033)</b>
Net funds at 1 August	27	20,444	32,477
<b>Net funds at 31 July</b>	27	<b>13,757</b>	<b>20,444</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 July 2014

Note	2014 £000	2013 £000
<b>1. Funding Body grants</b>		
Grant received in year – recurrent	22,985	26,646
	<b>22,985</b>	<b>26,646</b>
Specific grants received in year		
Adult Education	1,282	1,299
Reconfiguration Fund	391	1,307
Equipment grant / capital infrastructure grant	92	134
Additional support for part-time students	137	241
Innovation and Engagement fund	436	965
Widening Access / Reaching Wider	607	653
Other	978	1,573
	<b>3,923</b>	<b>6,172</b>
Deferred capital grants released in year		
Buildings	1,985	1,616
Equipment	27	39
	<b>2,012</b>	<b>1,655</b>
	<b>28,920</b>	<b>34,473</b>
<b>2. Tuition fees and education contracts</b>		
Full-time home and EU students	56,110	42,151
Full-time international students	23,850	20,837
Part-time students	3,222	2,176
Educational contracts with the NHS	9,221	9,266
Non-accredited course fees	476	497
	<b>92,879</b>	<b>74,927</b>
To generate the full-time home and EU tuition fee the University has spent £4.4 million in relation to bursaries.		
<b>3. Research grants and contracts</b>		
Research Councils	10,853	9,246
UK-based charities	1,838	1,755
UK government, health and hospital authorities	11,476	8,450
UK industry, commerce, public corporations	1,959	1,929
EU government bodies	10,687	10,684
EU other	314	194
Other overseas	1,206	789
Other sources	589	661
Released from deferred capital grants	4,134	3,486
	<b>43,056</b>	<b>37,194</b>

	Note	2014 £000	2013 £000
<b>4. Other income</b>			
Residences, catering and conferences		16,468	14,900
Other services rendered		8,415	6,879
Other income		7,905	6,662
NHS income in respect of the College of Medicine		6,416	5,719
Research Council full-time Doctoral/Collaborative Training Award income		184	220
Share of income Wales National Pool Swansea		562	539
Released from deferred capital grants		478	419
		<b>40,428</b>	<b>35,338</b>
<b>5. Endowment and investment income</b>			
Income from expendable endowments	20	156	85
Income from permanent endowments	20	163	145
Income from short-term investments		165	132
		<b>484</b>	<b>362</b>
<b>6. Staff costs</b>			
The staff costs for the financial year were:			
Salaries		88,594	81,132
Social security costs		6,991	6,583
Other pension costs		16,226	16,182
<b>Staff costs – operating activities</b>		<b>111,811</b>	<b>103,897</b>
Early retirement provision		–	13
<b>Total staff costs</b>		<b>111,811</b>	<b>103,910</b>

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

	Number fte	Number fte
Academic	843	820
Research	341	315
Management and specialist	543	498
Technical	112	105
Other	788	764
	<b>2,627</b>	<b>2,502</b>

	2014 £000	2013 £000
<b>Higher paid staff emoluments</b>		
Emoluments of the Vice-Chancellor:		
Salary	238	235
Benefits in kind as assessed for HMRC purposes	6	6
Pension contributions	–	–
	<b>244</b>	<b>241</b>

The pension contributions are in respect of employer's contributions to the Universities Superannuation Scheme (USS) and are paid at the same rates as other academic and related staff.

The highest paid employee received £238,000 (2013: £235,000).

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 – £109,999	10	7
£110,000 – £119,999	4	4
£120,000 – £129,999	3	4
£130,000 – £139,999	5	4
£140,000 – £149,999	1	2
£150,000 – £159,999	3	3
£160,000 – £169,999	1	1
£170,000 – £179,999	1	1
£180,000 – £189,999	–	–
£190,000 – £199,999	–	–
£200,000 – £209,999	–	–
£210,000 – £219,999	–	–
£220,000 – £229,999	–	–
£230,000 – £239,999	1	1

## 7. Other operating expenses

Other operating expenses include:

External auditors' remuneration in respect of audit services	33	30
External auditors' remuneration in respect of non-audit services	97	64
Operating lease rentals – land and buildings	4,240	4,282

External auditors' remuneration in respect of non-audit services relate to:

Taxation	–	–
Regulatory reporting	97	64
Project appraisal services	–	–
	<b>97</b>	<b>64</b>

	Note	2014 £000	2013 £000
<b>8. Interest and other finance costs</b>			
On bank loans repayable wholly or partly in more than 5 years		294	57
Net pension interest cost		1,300	800
		<b>1,594</b>	<b>857</b>

**9. Analysis of expenditure by activity**

Academic departments		73,892	69,279
Academic services		15,654	14,835
Research grants and contracts		37,635	32,174
Residences, catering and conferences		14,007	13,180
Premises		18,330	16,527
Professional services		28,771	24,850
Other services rendered		7,846	6,299
Other activities		1,848	960
<b>Total expenditure</b>		<b>197,983</b>	<b>178,104</b>

<b>10. Tangible Assets</b>	<b>Freehold land and buildings</b>	<b>Heritage assets</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1 August 2013	162,324	892	21,134	184,350
Additions	57,068	–	6,083	63,151
Disposals		–	(3,676)	(3,676)
At 31 July 2014	<b>219,392</b>	<b>892</b>	<b>23,541</b>	<b>243,825</b>
<b>Accumulated Depreciation</b>				
At 1 August 2013	54,465	–	17,095	71,560
Charge for year	6,134	–	4,781	10,915
Disposals		–	(3,676)	(3,676)
At 31 July 2014	<b>60,599</b>	<b>–</b>	<b>18,200</b>	<b>78,799</b>
<b>Net book value</b>				
At 31 July 2014	<b>158,793</b>	<b>892</b>	<b>5,341</b>	<b>165,026</b>
At 1 August 2013	<b>107,859</b>	<b>892</b>	<b>4,039</b>	<b>112,790</b>

Land and buildings with a net book value of £17.2 million (2013: £17.96 million) (note 19) have been financed by exchequer funds. Should these assets be sold, the University may be liable, under the terms of the Financial Memorandum with the Funding Council, to surrender the proceeds.

Included in land and buildings are assets in the course of construction totalling £71.59 (2013: £17.51) million relating to the construction of the Bay Campus. As these assets are still in the course of construction they are not yet being depreciated.

Heritage assets refer to the University's Art Collection which was valued in 2008 by a relevant qualified independent valuer. There are also other heritage assets which due to their nature are inestimable and therefore have not been included in the valuation.

	Note	2014 £000	2013 £000
<b>11. Investments</b>			
Other investments		535	38

The members believe that the carrying value of the investments is supported by their underlying net assets.

## 12. Investment in joint venture

The University holds a 50% share of Wales National Pool Swansea, a company limited by guarantee. This is a joint venture company owned equally by the University and City and County of Swansea. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the balance sheet of the University and 50% of its net income is reported in the University's income and expenditure account.

## Income and Expenditure Account

Income		562	539
Deficit before tax		-	-

## Balance Sheet

Fixed assets		3,418	3,665
Creditors		(2,358)	(2,530)
		1,060	1,135

## 13. Endowment assets

At 1 August 2013		8,571	7,880
Acquisition of investments		0	64
Movement in cash held as short-term deposits		20	(103)
Increase in market value of investments	20	16	730
<b>At 31 July 2014</b>		<b>8,607</b>	<b>8,571</b>

Represented by:

Fixed interest stocks and bonds		1,732	1,744
Equities		4,598	4,714
Venture capital trusts		56	55
Hedge funds		60	56
Commodities funds		83	81
Property		147	123
Bank balances held by investment managers		151	38
Bank balances held by the University		1,780	1,760
<b>Total endowment asset investments (at market value)</b>		<b>8,607</b>	<b>8,571</b>

## 14. Debtors: falling due after more than one year

Campus Halls		1,904	2,010
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	Note	2014 £000	2013 £000
<b>15. Debtors: falling due within one year</b>			
Trade debtors		5,109	4,547
Research grants claims		5,153	4,645
Other services rendered claims		555	862
Campus halls contribution		106	106
Prepayments and accrued income		14,159	11,390
		<b>25,082</b>	<b>21,550</b>
<b>16. Short-term deposits</b>			
Deposits maturing in one year or less		<b>33,101</b>	<b>28,523</b>

Deposits are held with banks operating in the London market and licensed by the Prudential Regulation Authority and Financial Conduct Authority with more than 24 hours maturity at the balance sheet date. At 31 July 2014, the weighted average interest rate of these fixed rate deposits was 0.45% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 67 days.

	Note	2014 £000	2013 £000
<b>17. Creditors: amounts falling due within one year</b>			
Bank loans for capital schemes	18	274	270
Trade creditors		12,853	7,343
Research grants received on account		6,739	6,693
Other services rendered grants received on account		670	1,289
Funding Council grants received in advance		1,216	1,581
Other grants received on account		11,565	6,347
Social security and other taxation payable		2,507	2,313
Accruals and deferred income		22,172	14,483
		<b>57,996</b>	<b>40,319</b>
<b>18. Creditors: amounts falling due after more than one year</b>			
Bank loans for capital schemes		<b>31,887</b>	<b>17,161</b>

### Borrowings

Bank loans are repayable as follows:

In one year or less	274	270
Between one and two years	1,945	274
Between two and five years	5,861	3,348
In five years or more	24,081	13,539
	<b>32,161</b>	<b>17,431</b>

The University had bank loans which are secured on certain University academic and residential properties. Details are as follows:-

Lender	End date	Interest rate		
Lloyds	December 2021	1.0% above base	2,161	2,431
European Investment Bank	June 2033	Variable (3 month LIBOR + 0.531%)	15,000	-
European Investment Bank	June 2033	Variable (3 month LIBOR + 0.531%)	15,000	15,000
			<b>32,161</b>	<b>17,431</b>

### 19. Deferred capital grants

	Funding Council		Other		Total
	Buildings £000	Equipment £000	Buildings £000	Equipment £000	£000
<b>Capital grants received:</b>					
At 1 August 2013	34,729	1,119	46,857	14,794	97,499
Eliminated on disposals	-	(589)	-	(2,378)	(2,967)
Cash received	1,228	18	24,436	4,837	30,519
At 31 July 2014	<b>35,957</b>	<b>548</b>	<b>71,293</b>	<b>17,253</b>	<b>125,051</b>
<b>Released to income and expenditure account:</b>					
At 1 August 2013	16,772	1,077	8,165	12,120	38,134
Released in the year	1,985	27	1,259	3,354	6,625
Eliminated on disposals	-	(589)	-	(2,378)	(2,967)
At 31 July 2014	<b>18,757</b>	<b>515</b>	<b>9,424</b>	<b>13,096</b>	<b>41,792</b>
<b>Net balance</b>					
At 31 July 2014	<b>17,200</b>	<b>33</b>	<b>61,869</b>	<b>4,157</b>	<b>83,259</b>
At 1 August 2013	<b>17,957</b>	<b>42</b>	<b>38,692</b>	<b>2,674</b>	<b>59,365</b>

<b>20. Endowments</b>	<b>Permanent Restricted £000</b>	<b>Expendable Restricted £000</b>	<b>2014 Total £000</b>	<b>2013 Total £000</b>
<b>At 1 August:</b>				
Capital	4,904	3,132	8,036	7,181
Accumulated Income	362	173	535	699
	<b>5,266</b>	<b>3,305</b>	<b>8,571</b>	<b>7,880</b>
New endowments	–	14	14	125
Investment income	163	156	319	230
Expenditure	(104)	(209)	(313)	(394)
	<b>59</b>	<b>(39)</b>	<b>20</b>	<b>(39)</b>
Change in market value	<b>10</b>	<b>6</b>	<b>16</b>	<b>730</b>
<b>At 31 July:</b>				
Capital	4,914	3,152	8,066	8,036
Accumulated Income	421	120	541	535
	<b>5,335</b>	<b>3,272</b>	<b>8,607</b>	<b>8,571</b>
<b>21. Reserves</b>				
			<b>2014 £000</b>	<b>2013 £000</b>
<b>Income and Expenditure reserve</b>				
At 1 August			55,938	52,023
Surplus for the year			7,216	3,815
Add back pension movement			600	100
<b>At 31 July</b>			<b>63,754</b>	<b>55,938</b>
<b>Pension reserve</b>				
At 1 August			(45,100)	(33,800)
Actuarial gain / (loss)			3,200	(11,200)
Deficit retained within reserves			(600)	(100)
<b>At 31 July</b>			<b>(42,500)</b>	<b>(45,100)</b>
<b>Revaluation reserve</b>				
At 1 August			892	892
<b>At 31 July</b>			<b>892</b>	<b>892</b>

	Note	2014 £000	2013 £000
<b>22. Reconciliation of operating surplus to net cash flow from operating activities</b>			
Surplus on continuing operations after depreciation of fixed assets at cost		7,222	3,651
Depreciation	10	10,915	9,812
Deferred capital grants released to income	19	(6,625)	(5,560)
Investment impairment		75	752
Investment income	5	(484)	(362)
Interest payable	8	1,594	857
Pension cost less contributions payable		(700)	(700)
(Increase) / Decrease in stocks		(6)	2
Increase in debtors		(3,426)	(4,941)
Increase in creditors		13,393	2,789
Increase / (Decrease) in grants received in advance		4,280	(2,404)
Decrease in provisions		–	(180)
<b>Net cash inflow from operating activities</b>		<b>26,238</b>	<b>3,716</b>
<b>23. Returns on investments and servicing of finance</b>			
Income from endowments	20	319	230
Income from short-term investments	5	165	132
Interest paid	8	(294)	(57)
		<b>190</b>	<b>305</b>
<b>24. Capital expenditure and financial investment</b>			
Tangible assets acquired	10	(63,151)	(25,637)
Disposal of investments / fixed assets		(497)	–
Payments to acquire endowment assets	13	0	(64)
Total fixed and endowment asset investments acquired		<b>(63,648)</b>	<b>(25,701)</b>
Deferred capital grants received	19	30,519	9,522
Endowments received	20	14	125
		<b>(33,115)</b>	<b>(16,054)</b>
<b>25. Management of liquid resources</b>			
Movement in short-term deposits		4,578	(2,377)
		<b>4,578</b>	<b>(2,377)</b>
<b>26. Financing</b>			
Repayment of amounts borrowed		270	267
New Loans		(15,000)	(15,000)
<b>Net cash outflow from financing</b>		<b>(14,730)</b>	<b>(14,733)</b>

	Note	2013 £000	Cashflows £000	2014 £000
<b>27. Analysis of changes in net funds</b>				
Cash at bank and in hand:				
Endowment assets	13	1,760	20	1,780
Cash at bank and in hand		7,592	3,445	11,037
		<b>9,352</b>	<b>3,465</b>	<b>12,817</b>
Short-term deposits		28,523	4,578	33,101
Debt due after one year	18	(17,161)	(14,726)	(31,887)
Debt due within one year	17	(270)	(4)	(274)
		<b>11,092</b>	<b>(10,152)</b>	<b>940</b>
<b>Net funds</b>		<b>20,444</b>	<b>(6,687)</b>	<b>13,757</b>

## 28. Pension schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Swansea University Pension Scheme (SUPS). The assets of both Schemes are held in separate trustee-administered funds. The University also contributes to the NHS Pension Scheme for a number of its employees.

From the 1st January 2012 the SUPS scheme was closed to new members; staff that were previously offered the option to join the SUPS scheme are now invited to join a defined contribution scheme operated by NEST (National Employment Savings Trust). Both employees and employers make contributions into the scheme to build up pension benefits.

### USS

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. Under the definitions set out in Financial Reporting Standard (FRS) 17 'Retirement benefits', the USS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The University has set out below information available on the scheme and the implications for the University in terms of the anticipated contribution rates.

The latest actuarial valuation of the scheme was at 31 March 2011. The assumptions and other data which have the most significant effect on the determination of the contribution levels of the scheme are as follows:

	At valuation 31 March 2011	At valuation 31 March 2008
Investment return – past service	6.1%	4.4%
Investment return – future service	6.1%	6.1%
Pensionable salary increases	4.4%	4.3%
Pension increases	3.4%	3.3%
Price inflation	3.4%	3.3%

The valuation was carried out using the projected unit method.

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

	Value at 31 March 2011	Value at 31 March 2008
	£m	£m
Equities	18,549	22,405
Bonds	3,976	2,676
Pooled investment vehicles	5,205	1,879
Property	2,261	878
Cash	2,345	936
Net current assets	98	68
<b>Total market value of assets</b>	<b>32,434</b>	<b>28,842</b>
Present value of scheme liabilities	(35,344)	(28,135)
<b>(Deficit) / surplus in the scheme</b>	<b>(2,910)</b>	<b>707</b>
<b>Funding level</b>	<b>92%</b>	<b>103%</b>

The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The USS actuary has estimated the balance sheet position as at 31 March 2014. The liabilities have been estimated by rolling forward the valuation liabilities at 31 March 2011 to 31 March 2014 on an approximate basis; the assets are based on audited data as at 31 March 2014. The scheme actuary estimates that the FRS 17 funding level as at 31 March 2014 is 85%.

The total pension cost for the institution was £9.1 million (2013: £9.0 million). The contribution rate payable by the institution is 16% of pensionable salaries (2013: 16%).

## SUPS

The Swansea University Pension Scheme (SUPS) is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total pension contributions made by the University was £3.3 million (2012: £3.6 million).

The following information is based upon the results of an actuarial valuation of the fund at 1 August 2010 updated to 31 July 2014 by a qualified independent actuary.

	At 31 July 2014	At 31 July 2013	At 31 July 2012	At 31 July 2011	At 31 July 2010
Inflation – RPI	3.40%	3.30%	2.40%	3.20%	3.20%
Inflation – CPI	2.60%	2.50%	1.90%	2.70%	2.70%
Rate of general long-term increase in salaries (CARE)	3.30%	3.20%	2.40%	3.20%	3.20%
Rate of general long-term increase in salaries (deferred)	2.60%	2.50%	1.90%	2.70%	2.70%
Rate of increases to pensions in payment	3.40%	3.30%	2.40%	3.20%	3.20%
Discount rate for scheme liabilities	4.20%	4.40%	4.20%	5.30%	5.40%

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

	2014 £000	2013 £000
<b>Retiring today</b>		
Males	85.7	86.3
Females	87.9	89.6
<b>Retiring in 20 years</b>		
Males	87.0	88.2
Females	89.4	91.7

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

	Long term rate of return expected at 31 July 2014	Value at 31 July 2014	Long term rate of return expected at 31 July 2013	Value at 31 July 2013	Long term rate of return expected at 31 July 2012	Value at 31 July 2012
		£000		£000		£000
Equities	6.75%	21,700	6.75%	20,900	6.75%	15,500
GARS Fund	6.75%	10,600	6.75%	10,000	6.75%	9,500
Property	5.75%	5,900	5.75%	5,300	5.75%	5,200
Government Bonds	3.40%	17,900	3.50%	17,000	3.50%	16,600
Corporate Bonds	4.20%	18,400	4.40%	17,800	4.20%	18,000
Other	3.50%	100	3.50%	100	3.50%	100
<b>Total market value of assets</b>		<b>74,600</b>		<b>71,100</b>		<b>64,900</b>
Present value of scheme liabilities		(117,100)		(116,200)		(98,700)
<b>Deficit in the scheme</b>		<b>(42,500)</b>		<b>(45,100)</b>		<b>(33,800)</b>

Analysis of the amount charged to income and expenditure account

	Note	2014 £000	2013 £000
Employer service cost		(2,600)	(2,900)
<b>Total operating charge</b>		<b>(2,600)</b>	<b>(2,900)</b>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets		3,800	3,300
Interest on pension scheme liabilities		(5,100)	(4,100)
<b>Net pension interest cost</b>	8	<b>(1,300)</b>	<b>(800)</b>

The expected return on Scheme assets is determined by considering the expected long-term returns available on the assets underlying the current investment policy. Expected yields on government and corporate bonds are broadly based on gross redemption yields as at the balance sheet date. Expected returns on equity, property and other investments reflect long-term real rates of return experienced in the respective markets.

	2014 £000	2013 £000
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	600	2,900
Experience gains and losses arising on the scheme liabilities	3,400	–
Changes in assumptions underlying the present value of the scheme liabilities	(800)	(14,100)
<b>Actuarial (loss) / gain recognised in STRGL</b>	<b>3,200</b>	<b>(11,200)</b>
<b>Movement in deficit during the year</b>		
Deficit in scheme at 1 August	(45,100)	(33,800)
Current service cost	(2,600)	(2,900)
Contributions	3,300	3,600
Curtailment gain	–	–
Other finance costs	(1,300)	(800)
Actuarial gain / (loss)	3,200	(11,200)
<b>Deficit in the scheme at 31 July</b>	<b>(42,500)</b>	<b>(45,100)</b>
<b>Analysis of the movement in the present value of the scheme liabilities</b>		
At 1 August	116,200	98,700
Current service cost	2,600	2,900
Interest cost	5,100	4,100
Actuarial loss	(2,600)	14,100
Benefits paid	(4,200)	(3,600)
<b>At 31 July</b>	<b>117,100</b>	<b>116,200</b>
<b>Analysis of movement in the market value of the scheme assets</b>		
At 1 August	71,100	64,900
Expected rate of return on scheme assets	3,800	3,300
Actuarial gain	600	2,900
Contribution by the employer	3,300	3,600
Contributions by scheme participants	–	–
Benefits paid	(4,200)	(3,600)
<b>At 31 July</b>	<b>74,600</b>	<b>71,100</b>



**History of experience gains and losses****Difference between expected and actual  
return on scheme assets:**

	2014	2013	2012	2011	2010
– Amount £'000	600	2,900	1,600	3,200	3,700
– Percentage of scheme assets	0.8%	4.1%	2.5%	5.3%	6.9%

**Experience gains and losses on  
scheme liabilities:**

– Amount £'000	3,400	–	–	2,800	–
– Percentage of present value of the scheme liabilities	2.9%	0.0%	0.0%	3.1%	0.0%

**Total amount recognised in STRGL**

– Amount £'000	3,200	(11,200)	(2,000)	5,700	(2,300)
– Percentage of present value of the scheme liabilities	2.7%	(9.6%)	(2.0%)	6.2%	(2.5%)

Total market value of assets	74,600	71,100	64,900	60,100	54,000
Present value of scheme liabilities	(117,100)	(116,200)	(98,700)	(91,800)	(90,200)
<b>(Deficit)</b>	<b>(42,500)</b>	<b>(45,100)</b>	<b>(33,800)</b>	<b>(31,700)</b>	<b>(36,200)</b>

	2014 £000	2013 £000
The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is:	<b>(27,600)</b>	<b>(30,800)</b>
The actual return on scheme assets in the year was:	<b>4,400</b>	<b>6,200</b>

The estimate for the employer's contribution for the defined benefit scheme for the year 2014-15 is £3.3 million. This reflects a 2% increase in the employer's contribution rate to 27% following the finalisation of the actuarial valuation as at 1 August 2013.

**29. Financial commitments**

	2014 £000	2013 £000
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At 31 July 2014 the University had annual commitments under non-cancellable leases as follows:

Land and buildings: expiring in over five years	4,260	4,125
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**30. Capital commitments**

Commitments contracted at 31 July

51,660	70,630
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Of these commitments £27.8 million (2013: £25.5 million) will be funded from grants receivable.

**31. Contingent liabilities**

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 University is providing Lloyds Bank with a guarantee to secure the £500k facility available to Swansea Materials Research & Testing Ltd, a wholly-owned University subsidiary. The facility was to provide working capital for the company.

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 clawback 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 University has entered into a residences development programme on the new Bay Campus to create 1,462 student rooms by January 2016. Following an assessment of the risks and rewards of the arrangement, the assets and liabilities will not form part of the University's balance sheet based on current financial reporting requirements. Commencing in September 2015 the University will have a contingent liability linked to occupancy levels within the student residences with a maximum annual cost for the University of a 50% occupancy guarantee charge. The University consider the risk of the guarantee being called upon as remote and hence no provision has been deemed necessary.

### 32. Related party transactions

Due to the nature of the University's operation 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 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 University's financial regulations and normal procurement procedures. No transactions require disclosure under Financial Reporting Standard: FRS 8 Related Party Disclosures.

Swansea University provided a loan to Swansea Materials Research and Testing Limited, a wholly owned subsidiary during the year to purchase a large piece of equipment. The balance of the loan at 31st July 2014 was £196K. A further loan of £783K will be payable during 2014-15.

### 33. Financial contingency funds

Balance unspent at 1 August

Funding Council Financial Contingency Funds

Disbursed to students

Allowance for administration costs

Repayment of unused funds

Balance unspent at 31 July

2014  
£000

2013  
£000

46	59
262	263
<b>308</b>	<b>322</b>
(250)	(258)
(8)	(7)
(10)	(11)
<b>40</b>	<b>46</b>

Funding Council Financial Contingency Funds are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

### 34. Bursaries

The University is the paying agent on behalf of the Welsh Government in respect of bursaries made available solely for students studying nursing. The sums paid are:

5,916

6,559

The bursaries and related disbursements are excluded from the Income and Expenditure Account.

**35. Subsidiary, Associate and Joint Venture undertakings**

Company Name	Nature of activity	% of share-holding	Net assets (£000s)	Profit/(Loss) (£000s)	Last accounts made up to
Swansea Materials Research & Testing Limited	Other research and experimental development on natural sciences and engineering	100.00	145	53	31 Jul 2014
Swansea Innovations Limited	Management consultancy activities other than financial management	100.00	–	(17)	31 Jul 2014
Specific Innovations Limited	Other research and experimental development on natural sciences and engineering	100.00	–	–	31 Jul 2014
BIPV Limited	Dormant	100.00	–	–	31 Jul 2014
Building Integrated Polyvoltaics Limited	Dormant	100.00	–	–	31 Jul 2014
The Dylan Thomas Prize Limited	Cultural education	100.00	44	9	31 Jul 2014
SU Developments Limited	Dormant	100.00	–	–	31 Jul 2014
Eidawn Biosupports Limited	Dormant	100.00	–	–	31 Jul 2014
Eidawn Consultancy Services Limited	Dormant	100.00	–	–	31 Jul 2014
Wales National Pool Swansea	Operation of Sports facility	50.00	–	–	31 Jul 2014
Bay Sports Limited	Operation of Sports facility	50.00	(21)	59	31 Mar 2014
College University Skills Partnership	Education	50.00	–	–	31 Jul 2015
Eidawn Bias Limited	Agents involved in the sale of a variety of goods	30.00	(30)	not disclosed	31 Dec 2012
Fishgen Limited	Freshwater aquaculture	20.00	38	(4)	31 Jul 2013
Haemometrics Limited	Other research and experimental development on natural sciences and engineering	20.00	(11)	not disclosed	30 Sep 2013
Iced Technologies Limited	Dormant	50.00	–	–	30 Apr 2014

**35. (Continued)**

Company Name	Nature of activity	% of shareholding	Net assets (£000s)	Profit/ (Loss) (£000s)	Last accounts made up to
China Centre Limited	Management consultancy activities other than financial management	20.00	–	not disclosed	31 Mar 2014
Simple Sampling Solutions Limited	Dormant	20.00	–	–	31 Aug 2013
Semitechnologies Limited	First year of trading – not yet defined	20.00	–	–	31 Aug 2014
Smart NanoTech Limited	First year of trading – not yet defined	20.00	–	–	31 Aug 2014
Centre for outcomes and Disease Audits Limited	First year of trading – not yet defined	20.00	–	–	31 Dec 2014
Aquatic Integrated Modelling Limited	First year of trading – not yet defined	20.00	–	–	28 Feb 2015
ProGnomics Limited	First year of trading – not yet defined	20.00	–	–	31 Mar 2015

Apart from Wales National Pool Swansea, no company in which the University has a shareholding has been consolidated with the University's accounts, as their activities or assets and liabilities are not of material value in relation to the University's financial statements. All companies are incorporated in England and Wales and have a year end as stated above.

The results for the latest available signed financial statements are shown above.

**36. Post-Balance Sheet Events**

A further loan disbursement was received on 7th August 2014 from EIB. This disbursement totalled £10 million and is at a fixed rate of 3.733% repayable annually over seventeen years, the first repayment due in 2017. Two further loan disbursements have been agreed for January 2015 and August 2015 both for £10 million each with similar terms.

The University has arranged a £10.0 million short-term credit facility, effective from 1 December 2014 to 30 September 2015, to provide an additional line of credit pending the receipt of proceeds from the sale of phase 1 of the Hendrefoilan Student Village and ERDF grants.