

PRIFYSGOL
Glyndŵr
Wrecsam

Wrexham
Glyndŵr
UNIVERSITY

GLYNDWR UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2018

REGISTERED CHARITY NO. 1142048

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FOREWORD

Wrexham Glyndŵr University is an entrepreneurial and community-based university dedicated to the social and economic development of North East Wales and to promoting the success and employability of its graduates. It seeks to contribute to the economic prosperity of the region while ensuring that the opportunities afforded by higher education are available to all who are able to benefit from it. In fact, Wrexham Glyndŵr University is now number one in the UK for social inclusion (Sunday Times Good University Guide).

The University has built upon the previous two years' success and, this year 2017/18, returned a surplus position for the third year running. We continue to be confident about our future financial outlook. This positive result is due to the hard work and commitment of the Vice Chancellor and her team. In addition to maintaining a focus on financial sustainability the University continues to keep under review its curriculum offering to ensure that its programmes remain attractive to potential students and to ensure that our graduates are equipped with the skills that employers need.

There were many highlights during the year of which we are proud, and which are outlined later in this document; among them the achievement of being one of the top 10 risers in the UK in the Guardian University Guide 2019 having climbed an impressive 24 places, and entering the top 100 Universities in the UK; as well as the significant progress with our Campus 2025 project which aims improve the estate and learning environment for our students.

The University's graduation ceremonies provide a regular reminder to me of the real purpose of the University. The hundreds of graduates who cross the stage each year have invested considerable time, effort and money into earning their awards. Seeing their expressions of pride and those of their families and friends is one of the highlights of my year.

Behind the success of the University lie the commitment and efforts of its staff, students and governors and I would like to pay tribute to them all for their hard work over the year.



Maxine Penlington OBE
Chair of Governors

WELCOME FROM THE VICE CHANCELLOR

Having joined the University in 2016, this is now my second full academic year and I have been delighted to continue developing professional relationships with people, organisations and political and civic leaders across Wales and the UK. We were tremendously proud to celebrate the tenth anniversary of the University at a Gala Concert in February 2018, performed by Wrexham Symphony Orchestra as our orchestra in residence.

These are times of unprecedented change for UK universities, with specific additional challenges for Welsh universities as higher education is a devolved matter. It is essential, therefore, that Wrexham Glyndŵr University takes account of these changing circumstances. Significant shifts in the landscape with a direct impact on the University include a changing funding model for students and for the universities, Brexit and uncertainty regarding its consequences for the economy and demographics in our region, and diverging Quality Assurance arrangements within the higher education sector in the UK. With the University's operating environment so much in flux, we are continuously challenged to adapt and be resilient.

The UK Industrial Strategy and the Economic Action Plan for Wales positions universities as key 'anchor' institutions, working with local leaders in both the public and the private sectors. This is a huge opportunity and we are well-placed to respond.

The ethos and distinctive identity of the University remains as strong as ever: our academic programmes and our research have an applied focus, and we offer a supportive community to our learners and to our staff. We engage strongly with industry and the community in our region. Changes in Higher Education and the political, economic, social, technological, and legal environment, as well as our own progress highlighted the need to refresh our strategy, so we have developed our new *Vision and Strategy to 2025*. Our mission is "to inspire and enable; transforming people and places and driving economic, social and cultural success". Four domains form the backbone of this new strategy: teaching that inspires; research that transforms; engagement that enables and structure that sustains. Various supporting strategies with detailed objectives and targets underpin the delivery of our *Vision and Strategy to 2025*, which were developed in a rigorous process involving many colleagues and stakeholders.

We have also reached several important milestones with our Campus 2025 programme, including the opening of a collaborative open learning space 'The Study', and cementing our partnership with the Football Association of Wales through their £5m investment to build a National Football Development Centre at Colliers Park. This followed the launch of refurbished catering facilities earlier in the 2017/18 academic year, and several upgrades to our Estate. A minor capital works programme was launched which included the procurement of new equipment, in readiness for the start of the 2018/19 academic year. Our strengthened financial position, reflected in our surplus generation and improved cash flow, is allowing us to invest significantly in facilities to underpin the quality of the student experience.

We launched a partnership with VMS Live who will operate the William Aston Hall which includes a £150,000 investment into the venue to improve sound and lighting and opened an innovative learning space on the Plas Coch campus, representing a further £200,000 investment to benefit our students.

WELCOME FROM THE VICE CHANCELLOR (Cont.)

A major milestone in the early part of the new academic year was the completion of our acquisition of Wrexham Student Village in August 2018, securing high-quality student accommodation plus development sites for further expansion. Wrexham Student Village is adjacent to the University's main campus and now forms an integral part of the University's offer.

Perhaps most significant of all, we submitted six planning applications in July to invest in our Plas Coch and Regent Street sites, to secure outline planning permission for the future development of Wrexham Student Village and land disposals to help fund our transformative Campus 2025 programme, which is fully aligned with ambitious plans for the regeneration and future development of Wrexham. We await the outcome of these planning applications.

Finally, the Precision Optics team at St Asaph has recently been successful in a range of competitive bids for research and development funding, which will add a total research and development investment envelope of £6.7m over a three-year period. This funding comprises UK and Welsh Government grants, EU funding as well as private sector investment. Airbus and QinetiQ are the high-profile North Wales based employers who have a stake in these projects.

We can look back on a successful year 2017/18 and I am confident we will build on this in the coming years.



Professor Maria Hinfelaar
Vice-Chancellor and Chief Executive
Glyndŵr University

UNIVERSITY HIGHLIGHTS IN BRIEF

Excellent work has been undertaken during the last academic year and some of the achievements both institutional and individual are highlighted here.

The University climbed an impressive 24 places in the Guardian University Guide 2019 – one of the top 10 risers in the UK, and Wrexham Glyndŵr is now in the top 100 of UK Universities. From the same league table, our Mechanical Engineering course leapt up to 26 places to take the number one spot in the UK for course satisfaction and Education secured second place (up from fourth) for teaching satisfaction. Five subject areas are number one in Wales for teaching satisfaction including Health Professions, Accounting & Finance, Computer Science and Information Services.

The Times Good University Guide 2019 revealed that Wrexham Glyndŵr University is number one in the UK for social inclusion.

We were pleased to win a number of national awards in the last year. The University's hub for high-level opto-electronics technology, OpTIC, won two accolades at the Insider Business and Education Partnership awards: the Research and Development Award; and the New Product Award. The University's Careers team won the national award for Supporting Student / Graduate Employability at the Associations of Graduate Careers Advisory Service (AGCAS) awards. One of our nursing lecturers, Angela Williams has also had reason to celebrate this year, having been given Freedom of the City of London.

Our Students' Union were also doubly victorious, winning Students' Union of the Year at the NUS Wales awards; and the Participation Award for their Period Poverty campaign at the national NUS awards. The Student's Union also secured a first-time high profile visit for their own awards ceremony in the form of NUS President, Shakira Martin who visited the University and indeed North Wales for the first time, where she commended the University for its Widening Participation work.

Many of our students have had notable success this year too, including Psychology student Jenni Louise Fowler who won the Outstanding Contribution award from DASU (Domestic Abuse Safety Unit) and computing graduate Samurai Duck who was awarded a £5,000 grant at Transfuzer 2018. Elsewhere, alumnus Carl Payne, who also works at the University's Northop campus, made headlines around the UK after discovering a thought-to-be extinct beetle, the Alder Leaf Beetle. Engineering student Jose Ortega secured his dream job with Bentley, Journalism graduate Jamie Davies covered the Eurovision Song Contest this year; and TV Production and Technology graduate Gareth Jones was the youngest cameraman at this year's PyeongChang Winter Olympics.

Sporting legend Ian Rush MBE, was among the distinguished names receiving a Fellowship during the University's autumn graduation ceremonies. He is one of the most prolific goal scorers in football history and is regarded as Liverpool FC's greatest ever player. Also receiving Fellowships were world renowned Welsh pianist, Llŷr Williams and entrepreneur, actor and entertainer, Stifyn Parri, as well as successful business woman Alwen Williams, engineer Christopher Morris and organiser of the National Eisteddfod, Hywel Wynn Edwards

The University continues to offer a vibrant, friendly and supportive community with a personal tutor system to help individuals to reach their potential through academic excellence. It is the contributions from across the whole university, from individual staff members and our graduates that create the successes of the University.

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CHARITY INFORMATION

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

Registered Office

Mold Road
Wrexham
LL11 2AW

Banker

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

External Auditor

KPMG LLP
1 Sovereign Square
Leeds
LS1 4DA

Internal Auditor

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

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OPERATING AND FINANCIAL REVIEW

Financial Review

Steady financial performance

The 2017/18 year has seen the University Group continue its financial recovery having generated a third consecutive year of operating surplus. The University continues to build a solid base for future sustainability.

The year was always going to be challenging with both income and student numbers remaining similar to 2016/17. This required the careful management of costs and a continued emphasis on efficiency and review of resources to ensure a positive financial outcome. During the year efficiency reviews have been performed to ensure best value of services resultant in in-year and on-going savings of circa £2m. This right shaping will have a beneficial effect on the cost base for future annual budgets allowing for the generation of future surpluses and the ability to provide continued investment in University campus' and student services.

An operational surplus of £1.001m with a net surplus of £0.412m was achieved, and the University Group has ended the year with more than £4.1m of cash, a significant increase from the prior year position of £2.8m.

However, the University has not been stockpiling cash and cash has been utilised to repay liabilities from previous years, as well as invest in capital planning activities. The year has seen the continuation of initiatives to close off non-operational or loss making activities, with the final surplus figures being impacted by accounting entries to remove previously held provisions and liabilities from the balance sheets of the University and its subsidiaries.

Historical income & expenditure profile

	2018	2017	2016	2015
	£000's	£000's	£000's	£000's
Total academic income	29,105	29,486	31,864	33,888
Total non-academic income	6,326	6,230	7,590	8,507
Total gross income	35,431	35,716	39,454	42,395
Total Pay costs excluding additional LGPS staff pension costs	(22,191)	(22,984)	(23,493)	(24,883)
Total Non pay costs	(12,239)	(11,425)	(14,424)	(17,796)
Total expenditure excluding additional LGPS staff pension costs	(34,430)	(34,409)	(37,917)	(42,679)
Operating surplus/ (deficit) excluding additional LGPS staff pension costs	1,001	1,307	1,537	(284)
LGPS Pension Costs excluding employer contributions	(589)	(715)	(670)	-
Loss on disposal of fixed asset to finance lease	0	(44)	-	-
Exceptional costs	-	-	0	(1,760)
Net surplus / (deficit)	412	548	867	(2,044)

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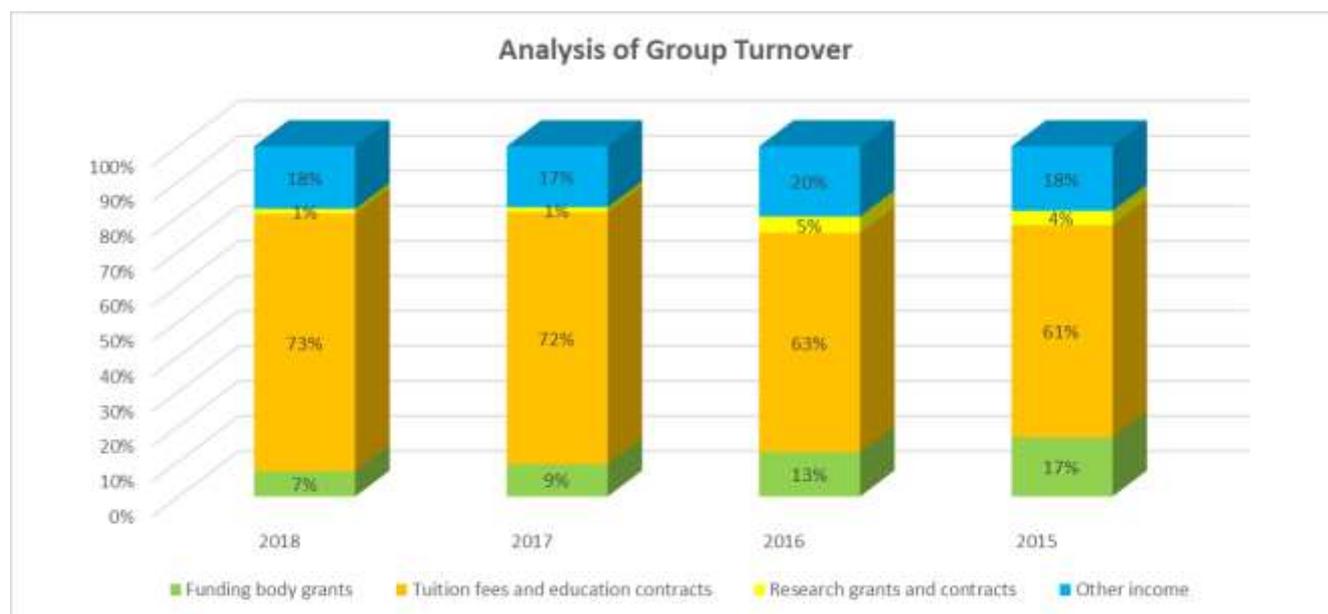
LGPS Pension costs excluding employer contributions are included within the net surplus / (deficit) from 2016 as a consequence of the adoption of FRS 102.

Financial key performance indicators

Financial Key Performance Indicators

	2018	2017	2016	2015
Total Income	35,431	35,716	39,454	42,395
Net surplus / (deficit) as a % of total income	1.2%	1.5%	2.2%	(4.8%)
Cash balance (£000's)	4,117	2,827	3,238	704
Staff costs including additional LGPS staff pension costs as a % of gross income	62.6%	64.4%	59.5%	58.7%

Income levels



Total group income decreased by 0.7% to £35.4m in 2017/18. This was driven by the divestment process, including the final year of the operations in London and taking out some loss making activities outside the core academic business. Strategic portfolio management has therefore underpinned the stability and sustainability of the University, including a reduced cost base, continuing net surpluses and increased cash balances. The overall picture therefore is an improving one.

The University's main source of revenue continues to be derived from tuition fees and education contracts which grew from 72% to 73% of total group income in 2017/18.

Student numbers

Overall full-time student numbers were relatively stable, with 3,218 students. There was a continued but not unexpected decline in international enrolments at the London Campus down to 45, as teach out arrangements come to a close. However, new partnerships were created in Sri Lanka, Myanmar and Singapore which led to a slight rise in international students, these student now comprise 9% of the student body (this was 8% in 2016/17 and 12% in 2015/16).

First degree UK enrolments decreased slightly to 2,562 and non-UK enrolments experienced a small increase to 232, due to new partnership arrangements. New entrants enrolled onto Foundation Year decreased to 239. If these students are able to stay with their course of study, they are at the

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University for four years, but the challenges of assuring retention amongst this cohort are recognised.

In terms of post-graduate (taught) enrolments over the year were 147 full-time post graduate taught UK/EU enrolments in 2017/18. This represented an increase from 2016/17. Part-time enrolments showed a small decline to 3,159.

Operating expenditure controlled

Operating expenditure remained consistent at £34.4m in 2017/18. Staff costs reduced by £0.4m to £22.8m through the impact of restructuring undertaken within the year. Staff costs represented 62.6% of total group revenue (2016/17: 64.4%).

Non-staff costs have increased by £0.7m in the year (excluding depreciation and interest costs), this increase reflects the increased non staff costs from catering services provided under agency agreement, one off release of bad debt provision in 16/17 and increased investment in books.

Net Assets increase

The Group pension liability has also reduced by £6.0m to £20.2m at 31 July 2018. The resulting impact being largely responsible for a net increase of £7.4m to net assets of the group, which are now valued at £30.5m, as opposed to £23.1m last year. This significant increase in the value of Net Assets is largely the product of market conditions prevalent at the time of the valuation of the LGPS fund.

Liquidity

Significant progress has continued to be made in reducing the core level of trade debtors throughout the year. The closing cash position was £4.1m at 31 July 2018 which shows a £1.3m increase on last year's closing cash of £2.8m. This position is due to the University Group's continued focus on maximising and monitoring cash receipts through improved credit control procedures along with controlled and focused expenditure management.

Financial outlook is positive

The University is an important economic driver of success for the North Wales Economy and supports regional and national skills development. The University had previously experienced financial challenges but with the support of its key stakeholders, it has continued to re-establish itself now resultant in a third successive year of operating surplus. The ongoing implementation of the Finance Strategy will see the University continue with sustained financial health and remain on track in delivering its important mission.

The key financial objectives of the strategy are to:

- 1 To ensure the long term **Financial Sustainability** of the University.
- 2 Maintaining **Solvency**.
- 3 To promote **Efficiency** and **Value for Money**.
- 4 Ensuring high standards of financial **Probity** and **Accountability**.
- 5 Increasing the value and diversity of **Income** from public, private and business sources.
- 6 Ensuring that the **Financial Risks** associated with ongoing activities and new opportunities are communicated and managed appropriately.
- 7 Maintaining a clear and robust approach toward **Financial Planning**, decision making and the **Allocation of Resource**

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The Group has continued to produce an operating surplus during 2017/18 and the start of the new academic year's student recruitment and financial performance indicates a continued upward trajectory towards a sustainable future.

PUBLIC BENEFIT STATEMENT

Glyndŵr University is a registered charity which seeks to provide and advance higher education in North East Wales, Wales, the UK and overseas. Its mission is to *inspire and enable: transforming people and places and driving economic, social and cultural success.*

The University's charitable objectives are to provide higher education and carry out research; and the benefit of these objectives is derived from individuals' participation in research-informed and industry-led courses to provide career-ready professionals who support and meet the needs of the regional, national and international economy. The beneficiaries are the public at large to whom education is open.

Widening access is an integral part of the character of the University founded on a commitment to provide socially inclusive, fair and supportive access to higher education, and to breaking down barriers to accessing Higher Education for people from all sectors of society. The University is number one in the UK for social inclusion¹. This ranking includes other notable positions such as 3rd in the UK for admissions from deprived areas (30.8%), 1st in the UK for number of disabled students (26.7%), 3rd in the UK for mature students (63.8%), 1st in the UK for state school admissions (99.3%) and joint 16th in the UK for the number of working class students (46.2%).

In addition the University's has developed a civic engagement strategy, which drives its ambition to be transformative, responsive and demand led. It is working in partnership in the region, and aims to merge teaching, research and engagement with a focus on widening participation and community work, for positive socio economic impact across the region. The University is delivering a number of transformational projects across the region under this strategy.

The University offers courses in a range of subject areas including creative and applied arts, built environment, engineering, computing, health sciences and applied social sciences. Over 30 professional bodies accredit the University's courses.

Much of the University's funded research is intended to produce a public benefit, whether in terms of communities of interest or of place. Of 17 externally funded research projects active in 2017/18, 13 were commissioned by public sector and voluntary organisations to support their own public benefit objectives. These organisations included Barnardo's, Addaction, Betsi Cadwaladr University Health Board, Forces in Mind Trust, the Ministry of Justice, the National Deaf Children's Society, the Welsh Government and Wrexham County Borough Council. The research itself covered a range of topics including parenting, domestic abuse, alcohol and drug misuse, support for armed forces veterans, homelessness and disability.

Staff at the University gain benefit through their engagement in the research and scholarly activities of the University. This helps to ensure their knowledge and skills are kept up to date and their academic and professional reputations within the UK and internationally are enhanced. The staff also benefit from collaboration with academics in other universities within the UK and internationally. There are also benefits to staff at the partner institutions from engagement with University staff.

Below are examples of specific activity that was undertaken during 2017/18.

¹ Source The Times and Sunday Times University league table 2019

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- An exhibition focussing on how painting affects people living with dementia, and which featured their work, took place in the University's Gallery. The exhibition involved work by a PhD student, who worked alongside eight people living with dementia, in collaboration with a local arts centre, to produce paintings as part of her research.
- A partnership with Betsi Cadwaladr University Health Board staff researched the potential for enhancing the contribution of art activities to the well-being of patients.
- As part of the Civic Engagement Strategy the University is leading on the Community Practice for the Social Prescribing project in partnership with Betsi Cadwalader University Health Board and 2025 movement; has co-created a new Public Service Leadership programme to support the five ways of working set out by the Well-being of Future Generations Act (Wales) 2015; is involved in the development of a 'learning lab' to support working across sector and professional boundaries on collective challenges; and driving a sub-regional volunteering project.
- A number of professorial and public lectures were open to the general public including lectures on, for example: exploring the ways earliest humans discovered resources in the natural environment, resilience in ecosystems, and contemporary art and the future of Faith in Wales.
- The University hosted a Carnival of Words event open to the public which featured readings from Aled Lewis Evans's books in English and Welsh, a panel of historical authors debating 'My Era is Better than Yours', and author Robyn Young talking about her personal best-selling journey from her first to her latest books.
- Level 4 Applied arts students specialising in ceramics, jewellery and metalwork exhibited their work at Ruthin Craft Centre.
- A variety of musical and comedy events and concerts were held as part of the University's public events programme in the William Aston Hall.
- A series of undergraduate experience days were held to give people a taste of university life.
- Glyndŵr University staff have been working with colleagues in other European countries in curriculum development projects funded by the EU's Erasmus+ programme, covering topics as diverse as e-health, migration and social enterprise.
- Students at the University's Northop campus observed Global Earth hour in March which raises awareness of the impact of climate change.
- The University's subsidiary, Techniquest Glyndŵr, organised temporary pop ups in Wrexham town centre providing free interactive exhibits and activities which saw 3,500 people visiting the facility on one day in April. In August a similar event was held in a unique collaboration with the RAF and marking its 100th year.
- The University chaplaincy organised two food bank collections for the Salvation Army to distribute to local families struggling to buy basics provisions, one for Christmas and a subsequent collection in early 2018 to contribute to the Wrexham Food bank warehouse. A collection of warm clothing and toiletries for Wrexham's homeless population was also made for the Salvation Army to distribute.

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- A series of free master classes were held to examine the ways that the general public and specific professionals can make an impact in their community. The first looked at how lifestyles and systems can affect health and well-being. The second examined the way fitness professionals can link their work to the wider picture when it comes to public health and well-being; and the third considered the impact of those working in the beauty industry in recognising issues such as loneliness and signposting clients to relevant services.
- As part of the University's work to encourage increased female participation in science, technology, engineering and maths, taster days were held. For example, a group of girls from North East Wales took part in a STEM taster day where they learnt about television production in the Creative Industries Building, the analysis of bones with Forensic Science lecturers, and worked on Lego programming at the Techniquet Glyndŵr.
- A number of staff volunteered for the 'Share your Lunch' campaign by visiting eligible play schemes to help serve meals to children over the summer months.
- Academic staff carried out an evaluation of homelessness services provided to adults leaving the prison service, commissioned by the Welsh Government. The evaluation assessed the National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate, working with a range of stakeholders to discover how the pathway was working on the ground.
- An academic secured funding to undertake a virtual learning arts project aimed at helping neuro-diverse young people; and developing the hidden talents of young people through the use of technology.

Glyndŵr University attracts 49.4% ² of its student population from the North Wales region. Full time Welsh domiciled undergraduate students have access to the Welsh Government Learning Grant and may apply for special support grants and maintenance loans to support their studying. English Students have access to Maintenance Loans. The University itself has a range of other schemes including bursaries and scholarships to help students into higher education including a discretionary fund to help those needing financial assistance to continue their studies. The University is committed to helping young people in and leaving care and provides financial and support packages which can include guaranteed on campus accommodation at a discounted rate for their first year.

The University is governed by a non-remunerated Board of Governors/Trustees in common with other charitable higher education corporations in the UK. The majority of governors are independent of the University, and there are staff and student governors

Conclusion

The University has a specific role in society which involves a deep engagement with its region and community. The University's role is clearly articulated not only in its vision and mission, but more particularly in all its actions. Its concentration on vocationally relevant programmes and applied research brings significant public benefit through its core activities, and its role in the community through public events and specific initiatives provide benefit to the wider community through its secondary activities.

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

² Source HESA Student (FPE) from Heidi+

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RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS

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

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

In preparing these financial statements, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Management Code 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 Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Professor Maria Hinfelaar
Vice-Chancellor and Chief Executive

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CORPORATE GOVERNANCE STATEMENT

Wrexham Glyndŵr University is committed to demonstrating best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles of good governance in the year and up to the date of the approval of the financial statements.

The University has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies, the standards in public life enunciated by the Nolan Committee, the Combined Code, the UK Corporate Governance Code as it applies to Higher Education, and the Committee of University Chairs' Higher Education Code of Governance (2014) [as amended].

The University's Board of Governors is responsible for the University's and Group's systems of internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

The Board of Governors meets at least five times per year and has a number of committees: Audit Committee; Strategy and Finance Committee; Human Resources Committee; Remuneration Committee; and Nominations and Governance Committee. All of these committees are formally constituted with terms of reference and are made up of mainly independent members. Each committee is chaired by an independent governor. All committees review and reflect on their work and provide an annual report to the Board of Governors.

The Strategy and Finance Committee has a financial as well as a strategic remit. In terms of its financial remit, the Committee considers and recommends the University's and Group's annual budgets to the Board of Governors and monitors performance against the budgets. In relation to its strategic remit the Committee monitors strategic matters and advises the Board of Governors on the University's strategic direction as well as giving initial consideration to and advising the Board on business of particular importance or complexity which is not within the remit of other committees of the Board.

The Nominations and Governance Committee meets up to 3 times per year and makes recommendations to the Board of Governors in respect of the appointment of new governors in accordance with the Instrument and Articles of Government and the University's standing orders. The Committee includes one co-opted external member who is not a member of the Board of Governors. On behalf of the Board the Committee monitors the balance of skills, expertise and experience within the membership to ensure that it provides appropriate leadership to the University to exercise effective oversight of its affairs. The Board seeks to remove any barriers that might deter people from expressing an interest in joining the Board and the Committee welcomes applications from people from all backgrounds for consideration for appointment during its search to fill vacancies, with the aim of achieving a balance of membership that reflects the diversity of the

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University, its activities and the region. In a slight dip from 2016/17, during 2017/18 the gender balance of the membership was 61% male and 39% female which puts the University slightly above the average of 36% of women filling places on UK HEI governing bodies in England, 38% in Scotland and 34% in Northern Ireland and in Wales³. The Nominations and Governance Committee will seek to improve the gender balance and general diversity of the Board in recruiting to vacancies during 2018/19.

The Nominations and Governance Committee also makes recommendations to the Board on matters of governance good practice. During the year the Committee in particular noted the update to the CUC Higher Education Code of Governance (2014) as it relates to the new CUC HE Senior Staff Remuneration Code which explicitly excludes the Vice Chancellor from being a member of the Remuneration Committee; and the Chair of the Board from chairing the Remuneration Committee. The Board approved the Committee's amended terms of reference to reflect this membership change.

The Human Resources Committee meets four times per year and monitors health and safety, equality and diversity matters, and considers staff related data and policies and procedures. The Committee includes one co-opted external member who is not a member of the Board of Governors.

The Remuneration Committee normally meets once per year, however during 2017/18 it met twice, initially to consider the draft CUC HE Senior Staff Remuneration Code and a response to it. The Committee's second meeting in June 2018 considered the remuneration of senior postholders in line with annual practice, and made a report to the full Board on its decisions. The Committee also reviewed and recommended to the Board a Pay Policy Statement for 2016/17 for publication purposes.

The Audit Committee meets four times a year, with internal and external auditors in attendance. The Committee includes three external co-opted members from the public and private sector, who are not members of the Board of Governors, who provide externality to the Committee's deliberations. The University's senior managers attend meetings of the Audit Committee as necessary but are not members of it. The Audit Committee considers detailed internal audit reports with recommendations for the improvement of the University's systems of internal control and monitors implementation of the recommendations. At the start of every meeting, the members meet privately with the University's internal and external auditors without officers present. The Audit Committee conducts an annual assessment of its own effectiveness.

A Register of Interests of the Board and Committee co-opted members is maintained and made publicly available; and declarations of any conflicts of interest are made at the start of each Committee and Board meeting.

The Board conducts effectiveness reviews, in line with the requirements of the CUC Higher Education Code of Governance, at least every four years; and a review was carried out during 2017/18 by an external facilitator. This review concluded that *"the Board is effective in all key respects, that independent governors operate positively in the 'critical friend' role, there is a good level of mutual trust, the Board's commitment to the success of the University is very clear and*

³ Norma Jarboe OBE/www.women-count.org/WomenCount/March 2016

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REPORT OF THE BOARD OF GOVERNORS

importantly the student representatives are well integrated into the Board's workings and the Board is very well led and directed by the Chair."

A number of recommendations arose from the Review with the primary aim of "helping improve transparency and accountability as the University enters a more developmental phase based on growing student numbers, developing the estate and increasing external partnerships". The External Facilitator considered that the Board is well-placed to meet these challenges but will need to ensure that its strategic planning and the attendant risk management processes are robust and that they are flexible as new external and internal factors come into play, but that this is very much within the Board's capability and capacity.

Responsibility for embedding risk management across the University and maintaining an overview of the key high level institutional risks rests with the Vice Chancellor's Board which receives reports on identified risks and considers related control issues. The Audit Committee receives and examines the strategic corporate risk register at every meeting, to help inform the rolling internal audit programme. During 2017/18 the Board of Governors approved a new risk management policy and statement of risk appetite and the Audit Committee has overseen a revised corporate risk register and associated processes. Annually the Audit Committee receives and considers a report from the University's independent audit provider RSM LLP on risk management processes. The corporate risk register has been reviewed by the Board of Governors during the year.

The Audit Committee receives regular reports from the Group's internal and external auditors and any recommendations they have made for improvement. Progress reports on implementation of recommendations is monitored by the Vice Chancellor's Board as well as the Audit Committee. The Board of Governors' assurance about the effectiveness of the system of risk and internal control is also informed by the work of the senior management within the University, who have responsibility for the development and maintenance of the internal control framework, through consideration by the Audit Committee; and comments made by the internal auditors in their annual report and external auditors in their management letter.

Internal control

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

- Clear definitions of the responsibilities of, and the authority delegated to, senior managers and heads of academic and professional areas.
- A medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of student recruitment and regular reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Board of Governors;

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REPORT OF THE BOARD OF GOVERNORS

- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Governors;
- A professional independent Internal Audit team whose annual programme is approved by the Audit Committee;
- Linking the identification and management of risk to the achievement of the University's strategic objectives through the planning process;
- Evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;
- Embedding risk management and internal control processes in the ongoing operation of all academic and professional services departments;
- Regular reporting to Audit Committee, and then to the Board of Governors, on internal control and risk; and
- Reporting to the Board of Governors the principal results of risk identification, evaluation and management review.

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

The Board of Governors adheres to the provisions of the Higher Education Code of Governance (2014) [as amended] issued by the Committee of University Chairs; and the report of the Board's effectiveness review during 2017/18 has confirmed this. There were no significant issues arising during 2017/18 in respect of Corporate Governance.

GLYNDŴR UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS

GOVERNORS AND TRUSTEES OF THE UNIVERSITY

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

Governors

	<u>Period of Office</u>
Ms M Penlington OBE (Chair)	1 st September 2015 (Chair from 13 th December 2015) to date
Professor N Sharp OBE (Vice Chair)	18 th October 2012 to 17 th October 2018
Professor M Hinfelaar Vice Chancellor	1 st April 2016 to date
Mr N Ashbridge	1 st September 2015 to 31 st August 2018
Mr P Barlow	1 st November 2016 to date
Mr T Davies	1 st July 2016 to 30 th June 2018
Mrs L Gough	1 st December 2017 to date
Mr C Heron	1 st September 2018 to date
Mr A Hamill-Stewart	1 st July 2017 to date
Mr K Irwin	1 st July 2018 to date
Mrs C Jenkins	1 st May 2015 to date
Mr B Jones	1 st November 2016 to date
Professor S Jowett	1 st May 2016 to date
Mrs G Kreft	1 st January 2016 to 31 st July 2018
Mr P McGrady	1 st May 2016 to date
Dr J Mitchell	1 st September 2018 to date
Mrs J Owen	1 st May 2016 to date
Mr L Robinson	1 st March 2018 to date
Mr A Sheibani	1 st January 2016 to date
Dr C Stuhlfelder	14 th March 2016 to date
Mr D Subacchi	1 st September 2016 to date

The Clerk to the Board of Governors

Mrs V Butterworth

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF GLYNDWR UNIVERSITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Glyndwr University ("the University") for the year ended 31 July 2018 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Cash Flow and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2018, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of HEFCW's Accounts Direction to Higher Education Institutions for 2017-18 issued on 24 July 2018; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, Corporate Governance Statement and Public Benefit Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in their statement set out on page 13, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCW Audit Code of Practice (effective 24 December 2015) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors, in accordance with the Charters and Statutes of the institution and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the operating & financial review is inconsistent in any material respect with the financial statements; or
- the University has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



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

Date: 30 November 2018

Financial accounts

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS102), The Financial Reporting Standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. Where relevant the financial statements adhere to the accounting directives of HEFCW.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the deemed cost for certain fixed assets as revalued with the introduction of FRS102 reporting.

The Board of Governors has considered the detailed financial forecasts and cash demands of the University and group for the foreseeable future. Taking account of these, the Board of Governors considers that the University Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparation of the financial statements.

In reaching this opinion on the financial sustainability of this institution, the following factors have been taken into account:

Financial

- regular performance monitoring through monthly reporting, annual budgets and forecasting, including HEFCW forecast submissions
- measurement against the Corporate Strategy and related Key Performance Indicators
- complying with the financial covenants of our lender
- the £2.5m Facility Agreement with Sancus Finance gives the capacity to access sufficient working capital should the need arise
- a cash flow strategy which is aligned to the funding regime and which takes into account the peaks and troughs of the funding cycle

Non-financial

- measurement against the Corporate Strategy and related Key Performance Indicators
- maintaining a Risk Register which considers both financial and non-financial strategic risks
- continuing to provide governance and legal functions which cover all financial, statutory and regulatory compliance

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

Details of the University's subsidiary undertakings are provided in note 20 to the financial statements.

Statement of principal accounting policies (Cont.)

Income recognition

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

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Governmental Grant Funding

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

Governmental Capital Grants

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.

Non-Governmental Grant Funding.

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

Donations and Endowments

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

Donations with no restrictions are recognised in income when the University is entitled to the funds.

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

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

Statement of principal accounting policies (Cont.)

3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risk of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases.

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

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

The leasing of assets under a finance lease (Racecourse Stadium and Colliers Park) are treated as a short and long term debtor consisting of capital and interest elements. The capital element is applied in order to reduce outstanding debtor obligations, and the interest element is recorded as income in the income and expenditure account in proportion to the reducing capital element outstanding.

Taxation

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

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

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

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

Tangible fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of

Statement of principal accounting policies (Cont.)

transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

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

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

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

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

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

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

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

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

Any downward revaluations which are not due to the clear consumption of economic benefits are also recognised in the statement of comprehensive income and expenditure account in the period when they occur.

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

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

Investments

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

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

Statement of principal accounting policies (Cont.)

Stock

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

Cash and cash equivalents

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

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

Under FRS102, the exemption from the requirement to prepare a separate cash flow statement for the University has been applied.

Foreign currency translations

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

Financial instruments

Risk Management

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

Student and commercial debtors are reviewed on an-ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University 5 year planning process and are revised during the financial year.

Statement of principal accounting policies (Cont.)

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. The operating level of euros is reviewed on a regular basis to mitigate the risk of adverse exchange rate movements.

Accounting for retirement benefits

The three principal pension schemes for the University's staff are:

1. Teachers' Pension Scheme (TPS)
2. Universities Superannuation Scheme (USS)
3. Local Government Pension Scheme (LGPS).

All schemes are defined benefit schemes which are externally managed and contracted out of the State Second Pension (S2P), however Glyndŵr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS102.

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. Glyndwr University's financial element of the TPS and USS cannot be determined and as such these are treated as defined cost schemes under FRS 102.

The LGPS surplus or deficit is recognised as an asset or liability on the balance sheet. The current service cost and the past service costs are recorded within staff costs.

The interest element is calculated based on the year-end deficit (net liability) multiplied by the discount rate. All changes in pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of Comprehensive Income and Expenditure.

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when

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

The amount recognised as a provision is discounted to present value where the time value of money is material.

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

Statement of principal accounting policies (Cont.)

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed by way of a note.

Accounting judgements and estimates

The following key judgements and estimates have been applied in these financial statements.

- USS Pension Scheme accounting judgements have been applied using the BUFDG standard USS modelling tool at a discount rate consistent with BUFDG guidance and in line with the University group's future salary roll increase expectations.
- Local Government Pension scheme accounting judgements have been supplied by our scheme actuaries Mercers.
- Holiday pay accrual was estimated using a direct sample methodology from the University Group's (academic and non-academic) departments taking actual leave levels as at 31st July 2018 and applied as a percentage basis.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University Group, are held as a permanently restricted fund which the Group must hold in perpetuity.

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

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2018

	Notes	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	26,018	26,018	25,675	25,460
Funding body grants	2	2,568	2,568	3,309	3,309
Research grants and contracts	3	519	193	502	407
Other income	4	6,222	4,375	6,128	4,060
Investment income	5	104	104	102	102
Total income		35,431	33,258	35,716	33,338
Expenditure					
Staff costs	6	19,913	18,780	20,647	19,624
LGPS Employer Pension	6	2,278	2,278	2,337	2,337
Other operating expenses	8	10,345	9,730	9,609	8,688
Depreciation	10	1,261	1,245	1,541	1,523
Interest and other finance costs	7	15	15	16	16
Fundamental restructuring costs	6	618	603	259	252
Movement of intercompany debt on closure of Subsidiary companies	8	-	(101)	-	395
Total expenditure excluding net interest costs		34,430	32,550	34,409	32,835
Surplus before net interest costs		1,001	708	1,307	503
Net interest costs	7/21	589	589	715	715
		589	589	715	715
Loss on disposal of fixed asset to finance lease	10/19	-	-	(44)	(44)
Surplus / (Deficit) before impairment adjustment		412	119	548	(256)
Surplus / (Deficit) before tax		412	119	548	(256)
Taxation	9	-	-	-	-
Surplus / (Deficit) for the year		412	119	548	(256)
Actuarial gain in respect of pension schemes	21	6,958	6,958	7,091	7,091
Total comprehensive income for the year		7,370	7,077	7,639	6,835
Represented by:					
Endowment comprehensive income for the year		-	-	-	-
Unrestricted comprehensive expenditure for the year		7,370	7,077	7,639	6,835
Attributable to the University Group		7,370	7,077	7,639	6,835
Surplus for the year attributable to:					
Non controlling interest		-	-	-	-
University Group		412	119	548	(256)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves Year Ended 31 July 2018

Consolidated	Income and expenditure account		Total excluding Non Controlling Interest	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2016	200	15,292	15,492	15,492
Surplus from the income and expenditure statement	-	548	548	548
Transfers between revaluation and income and expenditure reserve	-	-	-	29,348
Actuarial gain in respect of pension scheme	-	7,091	7,091	7,091
Total comprehensive income for the year	-	7,639	7,639	7,639
Balance at 1 August 2017	200	22,931	23,131	23,131
Surplus from the income and expenditure statement	-	412	412	412
Actuarial gain in respect of pension scheme	-	6,958	6,958	6,958
Total comprehensive income for the year	-	7,370	7,370	7,370
Balance at 31 July 2018	200	30,301	30,501	30,501

University	Income and expenditure account		Total excluding Non Controlling Interest	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2016	200	16,565	16,765	16,765
(Deficit) from the income and expenditure statement	-	(256)	(256)	(256)
Transfers between revaluation and income and expenditure reserve	-	-	-	-
Actuarial gain in respect of pension scheme	-	7,091	7,091	7,091
Total comprehensive income for the year	-	6,835	6,835	6,835
Balance at 1 August 2017	200	23,400	23,600	23,600
Surplus from the income and expenditure statement	-	119	119	119
Actuarial gain in respect of pension scheme	-	6,958	6,958	6,958
Total comprehensive income for the year	-	7,077	7,077	7,077
Balance at 31 July 2018	200	30,477	30,677	30,677

Consolidated and University Balance Sheet

As at 31 July 2018

	Notes	2018 Consolidated £'000	2018 University £'000	2017 Consolidated £'000	2017 University £'000
Non-current assets					
Fixed assets	10	53,018	52,972	53,499	53,437
		<u>53,018</u>	<u>52,972</u>	<u>53,499</u>	<u>53,437</u>
Current assets					
Stock	11	22	12	17	13
Trade and other receivables : amounts falling due within one year	12	2,726	2,873	2,894	2,859
Investments	13	12	12	23	23
Cash and cash equivalents	18	4,117	3,952	2,827	2,748
		<u>6,877</u>	<u>6,849</u>	<u>5,761</u>	<u>5,643</u>
Less: Creditors: amounts falling due within one year	14	(4,354)	(4,123)	(3,913)	(3,282)
Net current assets		<u>2,523</u>	<u>2,726</u>	<u>1,848</u>	<u>2,361</u>
Total assets less current liabilities		<u>55,541</u>	<u>55,698</u>	<u>55,347</u>	<u>55,798</u>
Trade and other receivables : amounts falling due after more than one year	15	1,652	1,652	1,350	1,350
Creditors: amounts falling due after more than one year	16	(6,004)	(6,004)	(6,515)	(6,515)
Provisions					
Pension provisions	17	(20,159)	(20,159)	(26,130)	(26,130)
Other provisions	17	(529)	(510)	(921)	(903)
Total net assets		<u>30,501</u>	<u>30,677</u>	<u>23,131</u>	<u>23,600</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	25	-	-	-	-
Income and expenditure reserve - restricted reserve		200	200	200	200
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		30,301	30,477	22,931	23,400
Revaluation reserve		-	-	-	-
		<u>30,501</u>	<u>30,677</u>	<u>23,131</u>	<u>23,600</u>
Non-controlling interest		-	-	-	-
Total Reserves		<u>30,501</u>	<u>30,677</u>	<u>23,131</u>	<u>23,600</u>

The financial statements were approved by the Governing Body on 30th November 2018 and were signed on its behalf on that date by:

Maria Hinfelaar, Vice-Chancellor



Maxine Penlington, Chair of Governors



David Elcock, Finance Director



Consolidated Cash Flow as at 31 July 2018

	2018	2017
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	412	548
Adjustment for non-cash items		
Depreciation	1,261	1,541
(Increase)/Decrease in stock	(5)	35
Decrease in debtors < 1 Yr	168	534
(Increase) in debtors > 1 Yr	(302)	(1,350)
Increase/(Decrease) in creditors < 1 Yr	708	(2,937)
(Decrease) in creditors > 1 Yr	(406)	(406)
Increase in pension provision	987	995
(Decrease) in other provisions	(392)	(628)
Disposal of fixed asset to finance lease	302	1,394
Adjustment for investing or financing activities		
Investment income	(104)	(102)
Interest payable	2	-
Interest element of finance lease	11	12
Net cash inflow/(outflow) from operating activities	2,642	(365)
Cash flows from investing activities		
Withdrawal of deposits	11	42
Investment income	104	102
Payments made to acquire fixed assets	(1,083)	(106)
	(968)	38
Cash flows from financing activities		
Interest element of finance lease	(11)	(12)
Unsecured loans	(271)	1
Capital element of finance lease	(102)	(72)
	(384)	(84)
Increase/(Decrease) in cash and cash equivalents in the year	1,290	(411)
Cash and cash equivalents at beginning of the year	2,827	3,238
Cash and cash equivalents as at 31 July	4,117	2,827

Notes to the Accounts

Year Ended 31 July 2018

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full-time home and EU students	21,687	21,687	21,246	21,246
Full-time international students	851	851	1,324	1,109
Part-time students	2,202	2,202	2,036	2,036
Academic Contracts	1,278	1,278	1,069	1,069
	26,018	26,018	25,675	25,460
2 Funding body grants				
Recurrent grant				
Higher Education Funding Council	1,909	1,909	2,628	2,628
Specific grants				
Higher Education Academic Subject Centres	-	-	52	52
Higher Education Funding Other	110	110	49	49
Higher Education Funding Council Quality Research	215	215	215	215
Capital grant Buildings	334	334	365	365
	2,568	2,568	3,309	3,309
3 Research grants and contracts				
Research councils	21	21	40	39
Research charities	99	99	173	173
Government (UK and overseas)	60	60	129	129
Industry and commerce	339	13	160	66
	519	193	502	407
4 Other income				
Residences, catering and conferences	1,835	1,562	1,853	1,571
Other revenue grants	4,330	2,756	4,203	2,417
Other capital grants	57	57	57	57
Other income	-	-	15	15
	6,222	4,375	6,128	4,060
5 Investment income				
Investment income on finance lease	100	100	100	100
Other investment income	4	4	2	2
	104	104	102	102

Notes to the Accounts

Year Ended 31 July 2018

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Staff costs				
Staff Costs :				
Salaries	16,633	15,709	17,591	16,763
Social security costs	1,615	1,548	1,722	1,650
Other pension costs	1,665	1,523	1,334	1,211
Staff Costs	19,913	18,780	20,647	19,624
Restructuring costs	618	603	259	252
LGPS Current service costs	304	304	425	425
LGPS Employer Pension Contributions	1,974	1,974	1,912	1,912
Total Staff Costs	22,809	21,661	23,243	22,213

	2018	2017
	£	£
Emoluments of the Vice-Chancellor:		
Salary	190,214	187,035
Contribution to relocation costs	-	-
Total emoluments excluding pension contributions	190,214	187,035
Pension contributions to TPS	31,347	30,823
Total emoluments including pension contributions	221,561	217,858

The emoluments were paid to the Vice-Chancellor, Professor Maria Hinfelaar, who has been remunerated in line with her contractual terms.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

2018 and 2017

Key management are the Universities Executive team who consist of Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellor Partnerships, Pro Vice-Chancellor Research, Director of Finance, Director of HR and Director of Operations.

Compensation consists of salary and benefits including any employer's pension contribution.

	2018	2017
	£	£
Key management personnel compensation	775,810	776,262

Notes to the Accounts

Year Ended 31 July 2018

6 Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to relevant accounts direction) [all shown before any salary sacrifice]:

	2018	2017
	No.	No.
£110,000 to £119,999	-	1
£120,000 to £129,999	1	-
	<u>1</u>	<u>-</u>
	<u>1</u>	<u>1</u>

	2018	2017
	No.	No.
Average staff numbers by major category :		
Teaching Departments & Academic Support	187	212
Administraton & Central Services	212	233
Premises	17	26
	<u>416</u>	<u>471</u>
	<u>416</u>	<u>471</u>

Notes to the Accounts

Year Ended 31 July 2018

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Interest and other finance costs				
Loan interest	2	2	0	0
Finance lease interest	11	11	12	12
Net charge on USS pension scheme	2	2	4	4
	<u>15</u>	<u>15</u>	<u>16</u>	<u>16</u>
Net charge on LGPS pension scheme	589	589	715	715
	<u>589</u>	<u>589</u>	<u>715</u>	<u>715</u>
	<u>604</u>	<u>604</u>	<u>731</u>	<u>731</u>
	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Analysis of operating expenditure by activity				
Academic & Related Expenditure	2,690	2,378	2,472	2,236
Administration & Central Services	2,690	2,690	2,210	2,456
Premises	2,959	2,678	2,909	2,640
Residences, Catering & Conferences	965	862	532	428
Research Grants & Contracts	(130)	116	286	186
Other Expenses	1,171	1,006	1,199	742
	<u>10,345</u>	<u>9,730</u>	<u>9,609</u>	<u>8,688</u>
Impairment of intercompany debtor on closure of subsidiary	-	(101)	-	395
	<u>-</u>	<u>(101)</u>	<u>-</u>	<u>395</u>
	<u>10,345</u>	<u>9,629</u>	<u>9,609</u>	<u>9,083</u>
Other operating expenses include:				
External auditors remuneration in respect of audit services	72	58	86	74
External auditors remuneration in respect of non-audit services	-	-	-	-
Depreciation	1,261	1,245	1,541	1,523
Operating lease rentals				
Land and buildings	241	241	150	150
Other	6	6	22	22
9 Taxation				
	2018		2017	
	Consolidated		Consolidated	
	£'000		£'000	
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In the opinion of the Board of Governors, the criteria of the s505 ICTA 1998 and s256 TCGA 1992 are fulfilled and there is no Corporation Tax liability arising on the University's activities for the period ended 31 July 2018 or 31 July 2017.

Notes to the Accounts

Year Ended 31 July 2018

10 Fixed Assets

Consolidated

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Deemed Cost				
At 1 August 2017	56,680	5,028	-	61,708
Additions	119	189	775	1,083
Transfers	-	-	-	-
Surplus on revaluation	-	-	-	-
Disposals	-	(141)	-	(141)
Disposal under finance lease	(315)	-	-	(315)
At 31 July 2018	56,484	5,076	775	62,335
Depreciation				
At 1 August 2017	3,567	4,642	-	8,209
Charge for the year	1,102	159	-	1,261
Disposals	-	(140)	-	(140)
Disposal under finance lease	(13)	-	-	(13)
At 31 July 2018	4,656	4,661	-	9,317
Net book value				
At 31 July 2018	51,828	415	775	53,018
At 31 July 2017	53,113	386	-	53,499

Notes to the Accounts

Year Ended 31 July 2018

10 Fixed Assets

University	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Deemed Cost				
At 1 August 2017	56,680	4,932	-	61,612
Additions	119	189	775	1,083
Disposals	-	(123)	-	(123)
Disposal under finance lease	(315)	-	-	(315)
At 31 July 2018	56,484	4,998	775	62,257
Depreciation				
At 1 August 2017	3,567	4,608	-	8,175
Charge for the year	1,102	143	-	1,245
Disposals	-	(122)	-	(122)
Disposal under finance lease	(13)	-	-	(13)
At 31 July 2018	4,656	4,629	0	9,285
Net book value				
At 31 July 2018	51,828	369	775	52,972
At 31 July 2017	53,113	324	-	53,437

During the year the University entered into a development agreement and 99 year finance lease with the Football Association of Wales to lease Colliers park training ground. This has been removed from fixed assets and is now represented within finance lease assets / finance leases. See note 19.

During the 2016/17 year the University entered into a 99 year finance lease with WST Assets Limited, Wrexham AFC Limited and Wrexham Football Supporters Society Limited to lease the Racecourse football stadium. This has been removed from fixed assets and is now represented within finance lease assets / finance leases. See note 19.

At 31 July 2018, freehold land and buildings included £5.3m (2017 - £5.3m) in respect of freehold land and is not depreciated.

Leased assets included above:

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Net Book Value:				
At 31 July 2018	-	196	-	196
At 31 July 2017	-	288	-	288

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	Year Ended 31 July 2018 £'000
Cost B/fwd	469
Additions	0
Accumulated depreciation B/fwd	(179)
Charge for year	(94)
Net book value	196

Notes to the Accounts

Year Ended 31 July 2018

11 Stock

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	22	12	17	13
	<u>22</u>	<u>12</u>	<u>17</u>	<u>13</u>

12 Trade and other receivables : amounts falling due within one year

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Trade receivables	2,002	1,572	2,223	1,668
Prepayments and accrued income	724	697	671	653
Amounts due from subsidiary companies	-	604	-	538
Amount due from finance lease	-	-	-	-
	<u>2,726</u>	<u>2,873</u>	<u>2,894</u>	<u>2,859</u>

13 Current Investments

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	12	12	23	23
	<u>12</u>	<u>12</u>	<u>23</u>	<u>23</u>

These deposits are held with Kaupthing Singer Friedlander bank (Iceland) and are subject to repayment as part of the creditors agreement.

14 Creditors : amounts falling due within one year

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	-	-	271	-
Obligations under finance leases	102	102	98	99
Trade payables	1,360	1,313	847	800
Social security and other taxation payable	392	373	428	407
Other Creditors	342	310	378	250
Accruals and deferred income	1,577	1,444	1,281	1,123
Holiday Pay	194	194	219	212
Amounts due to subsidiary companies	-	-	-	-
Deferred Capital Grants	387	387	391	391
	<u>4,354</u>	<u>4,123</u>	<u>3,913</u>	<u>3,282</u>

15 Trade and other receivables : amounts falling due after more than one year

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amount due from finance lease	1,652	1,652	1,350	1,350
	<u>1,652</u>	<u>1,652</u>	<u>1,350</u>	<u>1,350</u>

Notes to the Accounts

Year Ended 31 July 2018

16 Creditors : amounts falling due after more than one year

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred Capital Grants	5,901	5,901	6,288	6,288
Obligations under finance lease	88	88	193	193
Energy efficiency loan scheme (SALIX)	15	15	34	34
	6,004	6,004	6,515	6,515

17 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Redundancy £'000	Part-time Credit clawback provision £'000	Total Other £'000
At 1 August 2017	94	2,422	23,614	26,130	63	858	921
Utilised/released in year	0	0	0	0	(44)	(858)	(902)
Additions in 2018	0	0	0	0	101	409	510
Unused amounts reversed in 2018	0	94	(6,065)	(5,971)	0	0	-
At 31 July 2018	94	2,516	17,549	20,159	120	409	529
University							
	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Redundancy £'000	Part-time Credit clawback provision £'000	Total Other £'000
At 1 August 2017	94	2,422	23,614	26,130	45	858	903
Utilised/released in year	-	-	-	-	(45)	(858)	(903)
Additions in 2018	-	-	-	-	101	409	510
Unused amounts reversed in 2018	-	94	(6,065)	(5,971)	-	-	-
At 31 July 2018	94	2,516	17,549	20,159	101	409	510

Deferred pension obligations are covered in more detail in note 21.

The provision for redundancy has been provided for expected early retirement costs to be incurred in 18/19.

Part time credit claw back provision is established to allow for the repayment to HEFCW of unused allocated funding for the 2016/17 and 2017/18 years, the utilisation in year relates to the repayment to HEFCW of 2014/15 and 2015/16 unused funding.

The timing of payments in relation to the above is uncertain but indications are that cash outflows could arise during 2018/19.

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Discount rate	5.10
Inflation	3.10

USS deficit

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

Notes to the Accounts

Year Ended 31 July 2018

18 Cash and cash equivalents

	At 1st August 2017 £'000	Cash Flows £'000	At 31st July 2018 £'000
Consolidated	2,827	1,290	4,117
Cash and cash equivalents	<u>2,827</u>	<u>1,290</u>	<u>4,117</u>

19 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	31 July 2018 Total £'000	31 July 2017 Total £'000
Payable during the year	241	6	247	172
Future minimum lease payments due:				
Not later than 1 year	30	6	36	182
Later than 1 year and not later than 5 years	120	24	144	50
Later than 5 years	2,820	-	2,820	6
Total lease payments due	<u>2,970</u>	<u>30</u>	<u>3,000</u>	<u>238</u>

Total rentals payable under financing leases:

	31 July 2018 IT Lease £'000	31 July 2017 IT Lease £'000
Payable during the year	102	84
Future minimum lease payments due:		
Not later than 1 year	102	110
Later than 1 year and not later than 5 years	88	204
Later than 5 years	-	-
Total lease payments due	<u>190</u>	<u>314</u>

Total rental receivable under financing leases:

	Consolidated and University			
	Asset receipt £'000	Interest receipts £'000	31 July 2018 Total lease receipts £'000	31 July 2017 Total lease receipts £'000
Racecourse Stadium / Colliers Park Leases				
Receiveable during the year	-	100	100	100
Future minimum lease receipts due:				
Not later than 1 year	-	130	130	100
Later than 1 year and not later than 5 years	-	520	520	400
Later than 5 years	1,652	10,368	12,020	9,300
Total lease receipts due	<u>1,652</u>	<u>11,018</u>	<u>12,670</u>	<u>9,800</u>

As at 4th June 2018 the University entered into a development agreement and 99 year full repairing finance lease with the Football Association of Wales to lease Colliers Park training ground. The training ground asset has been removed from fixed assets and is now represented above. The lease has an implicit interest rate of 9.9% with annual payments of £30,000 over the 99 year term. The present value of total lease payments is £302.4k.

As at 1st August 2016 the University entered into a 99 year full repairing finance lease with WST Assets Limited, Wrexham AFC Limited and Wrexham Football Supporters Society Limited to lease The Racecourse football stadium. The stadium asset has been removed from fixed assets and is now represented above. The lease has an implicit interest rate of 7.4% with annual payments of £100,000 over the 99 year term. The present value of total lease payments is £1,350k.

Notes to the Accounts

Year Ended 31 July 2018

20 Subsidiary undertakings

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

Company	Principal Activity	Status
Glyndwr Innovations Ltd	Consultancy, comercial technical contracts, incubation and sports	100% owned
North Wales Science	Science discovery centre	Limited by guarantee

All of the above subsidiaries operate to the same financial year end as the University.

During the year Optic Glyndwr Limited was closed. The associated intercompany balances which remained following their closure with Glyndwr University have been impaired in year. This has impacted on the University accounts with an in year benefit of £101k for Optic Glyndwr Limited. There is no in year impact to the Group accounts due to impairment following removal on consolidation.

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees.

Payments are made to the Teachers' Pension Scheme (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-academic staff and the Universities Superannuation Scheme for pre-existing members. These are all independently administered schemes.

The total pension cost for the period was £4,167,269 (2017- £3,670,573). The expected costs for 2018/19 for the LGPS are £2,060k finance charge and £2,016k contributions in addition to contributions to TPS and USS schemes.

(i) Teachers Pension Scheme

The Teachers' Pension Budgeting and Valuation Account

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

(ii) The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes

(ii) The Universities Superannuation Scheme (continued)

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Pension Costs

The total cost charged to the profit and loss account is £1,764 (2017: £18,064) as shown in notes 6 and 7.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004,

Due to the small number of members the University has in the scheme an indicative estimate of the crystallisation of the Section 75 debt was sought from USS. Estimated Section 75 debt - Glyndwr University's proportion of the whole scheme debt; i.e. 0.00539% of £54.3bn was £2.9m.

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

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YOB unadjusted for males.
	<u>Pre-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a - 1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.50	24.40
Females currently aged 65 (years)	26.00	26.60
Males currently aged 45 (years)	26.50	26.50
Females currently aged 45 (years)	27.80	29.00
	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes (continued)

(iii) LGPS

(Retirement Benefits) Disclosure for the accounting period ending 31 July 2018

The following information is based upon the last formal triennial actuarial valuation of the scheme was performed as at 31 March 2016 and updated at 31 July 2018 by an independent qualified actuary.

Assumptions

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

	At 31 July 2018 %pa	At 31 July 2017 %pa
Price Inflation (CPI)	2.10%	2.20%
Rate of increase in salaries	3.35%	3.45%
Rate of increase of pensions in payment for LGPS members	2.20%	2.20%
Discount rate	2.90%	2.60%

* Excluding ex-gratia pensions for non-academics, which are subject to fixed 3% pa increases.

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

	At 31 July 2018		At 31 July 2017	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
	23.1 (25.6) years	25.7 (28.3) years	23 (25.5) years	25.6 (28.2) years

GMP (guaranteed minimum pension benefits) equalisation

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes (continued)

Scheme assets for LGPS

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Analysis of the amount shown in the balance sheet for LGPS :		
Scheme assets	50,219	46,057
Scheme liabilities	(67,768)	(69,671)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 17)	<u>(17,549)</u>	<u>(23,614)</u>
Current service cost	2,198	2,173
Administration expenses	80	85
Effect of curtailments	-	79
Total operating charge:	<u>2,278</u>	<u>2,337</u>
Analysis of the amount charged to interest payable/credited to other finance income for LGPS		
Interest cost	1,794	1,690
Expected return on assets	(1,205)	(975)
Interest on net deficit	-	-
Net charge to other finance income	<u>589</u>	<u>715</u>
Total profit and loss charge before deduction for tax		
Analysis of other comprehensive income for LGPS :		
Total other comprehensive income before deduction for tax	<u>-</u>	<u>-</u>

Notes to the Accounts

Year Ended 31 July 2018

21 Pension Schemes (continued)

	At 31-Jul 2018 £'000	At 31-Jul 2017 £'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	7,091	(9,052)
Cumulative actuarial gains recognised at the end of the year	6,958	7,091
Analysis of movement in surplus/(deficit) for LGPS		
Deficit at beginning of year	(23,614)	(29,565)
Contributions or benefits paid by the University	1,974	1,912
Current service cost	(2,198)	(2,173)
Administration expenses	(80)	(85)
Curtailments	-	(79)
Other finance charge	(589)	(715)
Gain recognised in other comprehensive income	6,958	7,091
Deficit at end of year	(17,549)	(23,614)
	Year to 31 July 2018 £'000	Year to 31 July 2017 £'000
Analysis of movement in the present value of LGPS		
Present value of LGPS at the start of the year	69,671	68,045
Current service cost (net of member contributions)	2,198	2,173
Interest on member liabilities	1,794	1,690
Curtailments	-	79
Actual member contributions (including notional contributions)	474	501
Actuarial loss	(4,511)	(1,470)
Actual benefit payments	(1,858)	(1,347)
Present value of LGPS at the end of the year	67,768	69,671
	Year to 31 July 2018 £'000	Year to 31 July 2017 £'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	46,057	38,480
Interest on plan assets	1,205	975
Administration expenses	(80)	(85)
Remeasurements (assets)	2,447	5,621
Actual contributions paid by University	1,974	1,912
Actual member contributions (including notional contributions)	474	501
Actual benefit payments	(1,858)	(1,347)
Fair value of scheme assets at the end of the year	50,219	46,057

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

The University Group acts as guarantor for the LGPS payments of those staff that were transferred during the year, under TUPE to Aramark Ltd and those staff employed by the Students Union

22 Events after the reporting period

On 22nd August 2018 the University completed the purchase of Wrexham Village student accommodation. This was part of the University's Campus 2025 estates and learning environment strategy and was funded by £11m of external loan funding. As at the signing date of these accounts, the management are not aware of any events after the reporting period which would materially change the results for the period 1st August 2017 to 31st July 2018.

Notes to the Accounts

Year Ended 31 July 2018

23 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Board of Governors may have an interest.

All transactions involving organisations in which a member of the Board of Governors, their closely related family members or dependants may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. All members of the Board of Governors and senior post holders are required annually to declare any interests and disclose all related party transactions, where appropriate.

Included within the financial statements are the following transactions with related parties :

	Income	Expenditure	Balance at 31
	£'000	£'000	July 2018
	£'000	£'000	£'000
Dr Colin Stuhlfelder - CIAT 397 City Road, London, EC1V 1NH	0.2	-	-
Mr Angus Hamill-Stewart - Wrexham Glyndwr Students' Union Wrexham Glyndwr University Plas Coch, Mold Road, Wrexham, Wales, LL11 2AW	5.3	371.6	(30.6)
Mr Askar Sheibani - CBI Cannon Place, 78 Cannon Street, London, EC4N 6HN	-	3.1	-
Mr Brian Everett - Citizens Advice Bureau 3rd Floor North, 200 Aldersgate Street, London, EC1A 4HD	0.9	-	-
Mr David Subacchi - Valuation Tribunal for Wales Llys-y-ddraig, Heol Y Ddraig, Penllergaer, Swansea SA4 9NX	1.5	-	-
Mr Lee Robinson - Wrexham Commercial Services Ltd The, Guildhall, Wrexham, Clwyd, LL11 1AY	-	2.7	(0.2)
Mr Lee Robinson - Wrexham County Borough Council The guildhall, Wrexham, LL11 1AY	67.0	121.9	(0.2)
Mr Neil Ashbridge - Cartrefi Conwy Morfa Gele North Wales Business Park Cae Eithin, Abergele LL22 8LJ	8.0	-	-
Mr Neil Ashbridge - Disability Sport Wales Sport Wales National Centre, Sophia Gardens, Cardiff, CF11 9SW	0.2	-	0.2
Mr Neil Ashbridge - West Cheshire and North Wales Chamber of Commerce Churchill House Queens Park Campus, Queens Park Road, Chester, Cheshire, England, CH4 7AD	-	1.9	-
Mr Paul Barlow - DD - Disclosure & Barring Service P O BOX 142 L69 3JA	-	21.7	(1.1)
Mr Tim Mitchell - Federation of Small Businesses Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE	2.0	-	2.0
Mr Travis Davies - Wrexham Glyndwr Students' Union Wrexham Glyndwr University Plas Coch, Mold Road, Wrexham, Wales, LL11 2AW	5.3	371.6	(30.6)
Mrs Celia Jenkins - University of Chester Parkgate Road, Chester, CH1 4BJ	-	24.9	-
Mrs Emma Perrin - ACCA 1-11 The Adelphi John Adam Street, London, United Kingdom, WC2N 6AU	2.7	-	-
Mrs Emma Perrin - Airbus Operations Ltd Pegasus House Aerospace Avenue, Filton, Bristol, BS34 7PA	1.4	16.8	10.6
Mrs Emma Perrin - Guy Walmsley Ltd 3 Grove Road, Wrexham, LL11 1DY	-	0.5	-
Mrs Emma Perrin - Wrexham Glyndwr Students' Union Wrexham Glyndwr University Plas Coch, Mold Road, Wrexham, Wales, LL11 2AW	5.3	371.6	(30.6)
Mrs Gill Kreft - DD - Disclosure & Barring Service P O BOX 142 L69 3JA	-	21.7	(1.1)
Mrs Judy Owen - St Kentigern Hospice Upper Denbigh Road, St Asaph, Denbighshire, LL17 0RS	8.0	-	-
Mrs Laura Gough - Chartered Management Institute Management House, Cottingham Rd, Corby NN17 1TT	-	11.2	-
Mrs Val Butterworth MBA* - Castell Alun High School Fagl Ln, Hope, Wrexham LL12 9PY	0.1	-	-
Professor Sandra Jowett - KPMG 15 Canada Square, London, E14 5GL	-	73.0	-