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Accounts for the year ended
31 July 2001

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Treasurer's Report

Year Ended 31 July 2001

Scope of the Financial Statements

The financial statements for the year ended 31st July 2001 consolidate the results of the University and its six subsidiary companies, the details of which are provided under paragraph 3 of the Accounting Policies (see page 15).

Results for the Year

The Income and Expenditure results for the year to 31st July 2001 are summarised as follows:

	2000/01 £000	1999/00 £000	Change %
Income	67106	65045	3.2
Expenditure	67920	67602	0.5
Share of Joint Venture's Surplus	43	56	(23.2)
Deficit after Depreciation of Assets at Valuation	(771)	(2501)	69.2
Historical Cost Surplus/(Deficit)	137	(1120)	112.2

The Income and Expenditure Account reveals a historical cost surplus of £137k, having recorded a deficit for the previous two years. Whilst this represents an improvement, the result is somewhat disappointing, falling £1.129m short of the forecast surplus of £1.266m.

Last year's commentary drew attention to the staff restructuring and cost reduction programme which was completed during the year under review. While the Income and Expenditure Account will not benefit from the impact of a full year's pay savings until 2001/02, the year under review has seen Academic Resource Centres fail to meet their financial targets, resulting in a reduction of their reserves by £1.23m more than planned. This is the principal reason accounting for the shortfall in the anticipated out-turn position, and has resulted in the implementation of tighter monitoring systems under the direction of a new Planning Development and Implementation Group.

Income grew by 3.2% on the previous year, with no significant changes across the principal headings. Council Grants increased by £678k on the previous year, but the recurrent grant element fell by £355k, representing a combination of: the failure to recruit to funded numbers; a continued erosion of the unit of resource in real terms; and an increasing proportion of grant funding received for special initiatives. Full-time equivalent student numbers for the University showed a marginal increase to 6,966 (1999/00 6,939), although it is once again very disappointing to report that overseas student numbers recorded a further decline, which translates to a reduction in overseas tuition fees to £1.306m from £1.465m in the previous year. Student recruitment is increasingly competitive and the University is responding positively through the continuing development of its recruitment strategy and procedures.

Total expenditure increased by 0.5%, but excluding the exceptional costs of staff restructuring the increase is 2.4%. Taking into account national pay awards of 3% in both April 2000 and 2001, together with incremental drift, the impact of the staff restructuring and cost reduction programme is evident. In particular, staff costs in Academic Resource Centres fell by 1.2% in total.

Treasurer's Report

Year Ended 31 July 2001

Investment Performance

The University has a number of endowment funds arising from bequests or other donations. These funds are invested on a pool basis and the market value of these investments decreased by 11.8% to £5.021m at the 31 July 2001, reflecting the decline in the stock markets over the past year. The average yield was 4.25% (1999/00 3.85%). The performance of the fund is monitored by the University's Investments Committee.

Cash Flow

The consolidated cash flow shows a marginal increase in cash of £32k, whilst cash on short term deposit decreased by £446k. The University's liquid cash balances are now at the very minimum level necessary to support daily operations. It is therefore imperative that they are not further depleted, and that the University's forward financial projections are achieved to restore a more financially stable position.

Capital Projects

Last year's commentary reported the announcement of £2.756m from the Joint Infrastructure Fund, awarded via the Natural Environment Research Council for the replacement of the University's research vessel, the R.V. Prince Madog. Construction was completed and the new vessel launched during the year under review. Ownership of the vessel lies with a new joint venture company, VT Ocean Sciences Ltd, which has been formed in partnership with Vosper Thorneycroft (UK) Ltd in order to run and charter the vessel to both the University and other third parties. Vosper Thorneycroft have also provided funding of £1.4m to the venture, which has also allowed a £940k development of shore-side facilities in Menai Bridge.

The University will be bringing forward a new physical development plan to address the needs of the University's estate over the next ten years.

Future Developments

We are conscious of the need to remain competitive with other higher education institutions and to establish new academic areas of teaching. A working party on the possible introduction of law as a discipline has been established. We are also working closely with the College of Medicine and other interested parties on the introduction of clinical teaching. The newly formed School of Business & Regional Development also opens up exciting possibilities.

Conclusion

There is no doubt that overall the University's financial performance in the year under review has been as good as we could reasonably expect given the current difficult financial climate. I am personally satisfied that the governing body and the officers of the University could not be doing more than they are currently doing to safeguard the financial wellbeing of the University.

Corporate Governance

Year ended 31 July 2001

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University is applying the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss. It is therefore designed to manage, rather than eliminate, significant risks which threaten the University's business objectives.

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2001 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1885. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest version of which was approved by the Privy Council in 1997.

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

- The Council - is the executive governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. The matters specially reserved to the Council for decision are set out in the Statutes of the University; by custom and under the Financial Memorandum with the Higher Education Funding Council for Wales.

The roles of President and Vice-President of the Council are separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council has a majority of members from outside the University (described as lay members), from whom its Chairman and its Deputy Chairmen must be drawn. Also included in its members are representatives of the staff of the University and the student body. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University. All members, with the exception of the Vice-Chancellor who is an ex officio member of the Council, are appointed for specified terms subject to re-election, and re-appointment is not automatic.

- The Senate - is the academic authority of the University and draws its membership entirely from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.
- The Court - is a large, mainly formal body (somewhat akin to the shareholders' meeting of a large public company). It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of Court can raise any matters about the University. The Court normally meets once a year to receive the Annual Report and Accounts of the University. In addition, major changes to the constitution of the University require the approval of the Court before they can be submitted to the Privy Council.

A majority of the members of the Court are drawn from outside the University, representing the local community and other designated bodies with an interest in the work of the University, but the membership also includes representatives of the staff of the University (both academic and non-academic) and the student body.

Corporate Governance

Year ended 31 July 2001

Although the Council meets at least four times each academic year, much of its detailed work is initially handled by Standing Committees, in particular the Finance & General Purposes Committee, the Estate & Buildings Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. (The decisions of these Committees are formally reported to the Council and, where appropriate, the Planning & Resources Committee.) These Committees, and certain others, are formally constituted as Committees of the Council with their terms of reference and membership, (including a significant proportion of lay members (from whom the Chairman will be selected)) specified in an Ordinance of the University.

The Planning & Resources Committee reports to both Council and Senate. This Committee, which is chaired by the Chairman of Council, advises the Council on the general strategic direction to be taken by the University. It co-ordinates and integrates the academic, non-academic, financial and physical planning activities of the University, presents to the Council and Senate such plans for the development and continuing operation of the University as it considers necessary and it monitors their implementation. For this reason a number of the Committees of the Council and Senate report to their parent bodies through the Planning & Resources Committee: the Committee timetable of the University ensures that this does not unduly delay decision taking.

The Finance & General Purposes Committee inter alia recommends to the Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Nominations Committee considers nominations for co-opted vacancies in the Council membership under the relevant Statute. Certain lay members are appointed by external bodies. Those lay members are eligible for re-appointment by the relevant bodies when they retire by rotation.

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The Audit Committee, which meets quarterly, is constituted of five lay Council members. It is responsible for meeting with the internal and external auditors to consider their reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the internal and external auditors on their own for independent discussions. The Committee advises the Council on the appointment and remuneration of the internal and external auditors.

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

In accordance with the University's Risk Management Policy, the Senior Officers' Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Senior Officers' Group and the Audit Committee also receive regular reports from the internal auditor and from appropriate committees such as the Safety Committee which include recommendations for improvement. The Audit Committee's role in this area encompasses a high level review of internal financial control. The Planning & Resources Committee, on behalf of the Governing Body, considers risk and control and receives reports thereon from the Senior Officers' Group. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2001 meeting, the Planning and Resources Committee carried out the annual assessment for the year ended 31 July 2001 by considering documentation from the Senior Officers' Group and internal audit, and taking account of events since 31 July 2001.

Responsibilities of the Council

Year Ended 31 July 2001

In accordance with the Royal Charter, the Council of the University of Wales, Bangor is responsible for the administration and management of the affairs of the University of Wales, Bangor and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University of Wales, Bangor and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Accounting Practice for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales and the Council of the University of Wales, Bangor, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Wales, Bangor and of the surplus or deficit and cash flows for that year.

The Council is also responsible for the maintenance and integrity of the financial statements published on the University's website. It should also be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In causing the financial statements to be prepared, the Council has to ensure 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 of Wales, Bangor will continue in operation. The Council is satisfied that the University of Wales, Bangor has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University of Wales, Bangor and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University of Wales, Bangor's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;

Responsibilities of the Council

Year Ended 31 July 2001

- 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 approval levels set by the Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance & General Purposes Committee;
- a professional Internal Audit function whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Council, has reviewed the effectiveness of the University's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Report of the Auditors

Year Ended 31 July 2001

Independent auditor's report to the Council of the University of Wales, Bangor

We have audited the financial statements which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 15 to 18.

Respective Responsibilities of the Governing Body and Auditors

As described in the statement of the Council's responsibilities on pages 6 and 7, the Council is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, applicable law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. We also report to you whether, in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for Wales. We also report to you if, in our opinion, the institution has not kept proper accounting records, the accounting records do not agree with the financial statements, if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for Wales. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Auditors

Year Ended 31 July 2001

Opinion

In our opinion:

- a. the financial statements give a true and fair view of the state of affairs of the institution and the group at 31 July 2001, and of the surplus of income over expenditure and cash flows of the group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions;
- b. in all material respects, income from the Higher Education Funding Council for Wales, the National Council, grants and income for specific purposes and from other restricted funds administered by the institution have been applied for the purposes for which they were received;
- c. in all material respects, income has been applied in accordance with the institution's statutes and where appropriate with the financial memorandum dated 1 January 1997 with the Higher Education Funding Council for Wales.

PricewaterhouseCoopers

Chartered Accountants

Liverpool

7 December 2001

Income and Expenditure Account

Year Ended 31 July 2001

	Note	<u>Consolidated</u>	
		2000/01 £000	1999/00 £000
INCOME			
Council Grants	1	28327	27649
Tuition Fees and Education Contracts	2	15164	14515
Research Grants and Contracts	3	9546	9433
Other Income	4	14901	14095
Endowment and Investment Income	5	389	503
Total Consolidated and share of Joint Venture		68327	66195
Less share of Joint Venture's Income		(1221)	(1150)
Consolidated		67106	65045
EXPENDITURE			
Staff Costs	7	41845	40539
Exceptional Restructuring Costs	7	375	1623
Other Operating Expenses	8	21429	21251
Depreciation	12	2798	2672
Interest Payable	9	1473	1517
Total Expenditure	10	67920	67602
Operating Deficit after Depreciation of Assets at Valuation and before share of Joint Venture's Surplus and Minority Interests		(814)	(2557)
Share of Joint Venture's Surplus		43	56
Deficit on Continuing Operations after Depreciation of Assets at Valuation		(771)	(2501)
<u>STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS</u>			
	Note	2000/01 £000	1999/00 £000
Deficit on Continuing Operations after Depreciation of Assets at Valuation		(771)	(2501)
Difference Between Historical Cost Depreciation and the Actual			
Depreciation Charge for the Year Calculated on the Revalued Amount	21	753	756
Realisation of Property Revaluation Gains of Previous Years	21	155	625
Historical Cost Surplus/(Deficit) for the Year		137	(1120)

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations.

The notes on pages 19 to 42 form an integral part of these financial statements.

Balance Sheet

at 31 July 2001

	Note	Consolidated		University	
		2001 £000	2000 £000	2001 £000	2000 £000
FIXED ASSETS					
Tangible Assets	12	95391	99019	92654	96369
Investments	13				
- subsidiaries				4260	4260
- joint ventures		75	(18)	50	
- <i>share of gross assets</i>		2666	860		
- <i>share of gross liabilities</i>		(2591)	(878)		
- loan to joint venture		1410		1410	
- other		33	33	33	33
		96909	99034	98407	100662
ENDOWMENT ASSET INVESTMENTS					
	14	5021	5694	5021	5694
CURRENT ASSETS					
Stocks and Stores in Hand		274	350	166	242
Debtors	15	9012	7967	9281	8049
Investments	13		4		4
Short Term Deposits	26	1849	2295	1849	2295
Cash at Bank and in Hand		609	695	195	147
		11744	11311	11491	10737
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(12498)	(11701)	(12453)	(11714)
NET CURRENT LIABILITIES					
		(754)	(390)	(962)	(977)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		101176	104338	102466	105379
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(16897)	(17682)	(17943)	(18476)
PROVISIONS FOR LIABILITIES AND CHARGES					
	18	(815)	(1757)	(815)	(1757)
NET ASSETS					
		83464	84899	83708	85146

Balance Sheet

at 31 July 2001

	Note	<u>Consolidated</u>		<u>University</u>	
		2001 £000	2000 £000	2001 £000	2000 £000
DEFERRED CAPITAL GRANTS	19	10685	7757	10666	7757
ENDOWMENTS					
Specific	20	4483	5073	4483	5073
General	20	538	621	538	621
		5021	5694	5021	5694
RESERVES					
Revaluation Reserve	21	37754	41568	37754	41568
Income and Expenditure Account	22	30038	29914	30267	30127
TOTAL RESERVES		67792	71482	68021	71695
MINORITY INTERESTS		(34)	(34)		
TOTAL FUNDS		83464	84899	83708	85146

The financial statements on pages 10 to 42 were approved by the Council on 7 December 2001 and signed on its behalf by:

H R EVANS, Vice-Chancellor

H ELWYN JONES, Treasurer

D W HUGHES, Director of Finance

University of Wales, Bangor

Consolidated Cashflow Statement

Year Ended 31 July 2001

	Note	2000/01 £000	1999/00 £000
NET CASH INFLOW FROM			
OPERATING ACTIVITIES	24	1394	4249
Returns on Investments and Servicing of Finance	27	(1060)	(996)
Capital Expenditure and Financial Investment	28	(23)	(2297)
Cash Inflow before Management of Liquid Resources and Financing		311	956
Management of Liquid Resources	26	446	711
Financing	25	(725)	(652)
INCREASE IN CASH IN THE YEAR		32	1015
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT			
INCREASE IN CASH IN THE YEAR		32	1015
Decrease in Short Term Deposits	26	(446)	(711)
New Loans	25	(5)	
Capital Repayments	25	730	652
Change in Net Debt in the Year		311	956
Net Debt at 1 st August	26	(15241)	(16197)
NET DEBT AT 31 ST JULY	26	(14930)	(15241)

Total Recognised Gains and Losses

Year Ended 31 July 2001

	Note	Consolidated	
		2000/01 £000	1999/00 £000
Deficit After Depreciation of Assets at Valuation including share of Joint Venture's Surplus		(771)	(2501)
(Depreciation)/Appreciation of Endowment Asset Investments	20	(712)	312
Endowment Income Retained for Year	20	24	18
New Endowments	20	15	38
Revaluation Deficit	21	(2919)	
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		(4363)	(2133)

Reconciliation

Opening Reserves and Endowments	77142
Total Recognised Losses Relating to the Year	<u>(4363)</u>
Closing Reserves and Endowments	<u>72779</u>

Accounting Policies

Year Ended 31 July 2001

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for Wales.

2. Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of endowment asset investments and the retained revaluation of land and buildings (see paragraph 8).

3. Basis of Consolidation

The consolidated financial statements include the financial statements of the University and all subsidiary undertakings for the financial year to 31st July 2001. Intra-group sales and profits are eliminated fully on consolidation. Holdings in both the Institute for Financial Management and VT Ocean Sciences Limited are one of equal ownership and control, and are therefore accounted for on a gross equity basis in accordance with FRS 9: Associates and Joint Ventures. In accordance with FRS 2: Accounting for Subsidiary Undertakings, the activities of the University's Students' Union and Development Trust have not been consolidated because the University does not control those activities.

Details of the University's subsidiary and joint venture undertakings are as follows:

	% Holdin g	Issued Share Capital	Country of Registratio n	Nature of Business
Industrial Development Bangor (UWB) Limited	100%	140,000 £1 Ordinary shares	Wales	Electronic instrumentation
The holding was acquired by the University at a cost of £80,000, and the Company has also made a capitalisation issue of £60,000.				
Duostore Limited	100%	7,906,644 50p Ordinary shares	Wales	University property development
Holding acquired by the University at a cost of £4,180,320.				
Institute for Financial Management	50%	Limited by guarantee	Wales	Distance learning courses
Holding on a Joint Venture basis with the Manchester Business School.				
Gwasanaethau Gwybodaeth y Gogledd Cyfyngedig	50%	2 £1 Ordinary shares	Wales	Library services
UWB Enterprises Limited	100%	2 £1 Ordinary shares	Wales	General commercial
VT Ocean Sciences Limited	50%	50,000 £1 Ordinary shares	England	Chartering of research vessel

Holding acquired by the University during the year on a Joint Venture basis with Vosper Thorneycroft (UK) Limited.

Accounting Policies

Year Ended 31 July 2001

4. Recognition of Income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits and general endowments and donations is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of relevant expenditure incurred during the year.

Recurrent grants from the Higher Education Funding Council for Wales and the Further Education Funding Council for Wales/National Council are recognised in the period in which they are receivable.

Non-recurrent grants from the Higher Education Funding Council for Wales or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

5. Maintenance of Premises

The University has a 10 year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term maintenance and routine corrective maintenance is charged to the income and expenditure account as incurred.

6. Pension Costs

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme and the College Pension and Assurance Scheme 1978. A small number of staff remain in other pension schemes.

a. Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pensions costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

b. College Pension and Assurance Scheme 1978

The University operates the College Pension and Assurance Scheme 1978, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives in the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Scheme after making allowances for future withdrawals. The contributions are determined by qualified actuaries on the basis of triennial valuations, using the projected unit method. This is in accordance with the transitional provisions of FRS17: Retirement Benefits.

7. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Accounting Policies

Year Ended 31 July 2001

8. Tangible Fixed Assets

a. Land and Buildings

The University has previously invoked the transitional provisions of FRS15: Tangible Fixed Assets, allowing it to retain Land and Buildings at their book amounts at 1st August 1999. Prior to this date Land and Buildings had been stated in the balance sheet at valuation, with the exception of additions between valuations, which had been stated at cost.

Land and buildings included at valuation are stated on the following bases:

- Freehold land and buildings owned prior to 1st January 1994, and capable of valuation on the open market are stated at Open Market Value at January 1994.
- Freehold land and buildings owned prior to 1st January 1994, but not capable of valuation on the open market are stated at Depreciated Replacement Cost at January 1994.
- Premises previously acquired on the merger with Coleg Normal are stated at Depreciated Replacement Cost at June 1993.

Buildings are depreciated over their estimated useful life of 50 years. Land is not depreciated as it is considered to have an indefinite useful life.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and 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.

Finance costs which are directly attributable to the construction of buildings are not capitalised as part of the cost of those assets.

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

Buildings under construction are accounted for at cost, based on architect's certificates and other direct costs incurred to 31 July. Costs are depreciated from the year in which they are incurred.

b. Equipment

Equipment, including micro-computers and software, costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its expected useful economic life of 5 years, or the period of the grant in respect of specific research or other projects.

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

9. Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Investments that form part of endowment assets are included in the balance sheet at market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Accounting Policies

Year Ended 31 July 2001

10. Stocks

Stocks are stated at the lower of their cost and net realisable value, with the exception of Farm stocks which are included on the basis of a professional valuation. Where necessary, provision is made for obsolete, slow moving and defective stocks. Materials held by teaching and research and service departments are excluded, this expenditure being charged to the income and expenditure account when incurred.

11. Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

12. Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and professional fund managers.

13. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle an obligation and a reliable estimate can be made of the obligation.

Notes to the Accounts

Year Ended 31 July 2001

1. COUNCIL GRANTS

	2000/01 £000	1999/00 £000
Higher Education Funding Council for Wales		
Recurrent Grants	24817	25180
Specific Grants		
Deferred Maintenance	230	230
Academic Infrastructure	349	164
Initial Teacher Training Priority Subject Recruitment	79	120
Research Infrastructure	242	355
Teaching and IT	265	25
Research Volume	206	206
Training and Consultancy Services	114	66
Other	778	438
Deferred Capital Grants Released in Year		
Buildings (Note 19)	141	141
Equipment (Note 19)	124	66
	<u>27345</u>	<u>26991</u>
Further Education Funding Council for Wales/National Council		
Recurrent Grants	542	534
Information Systems Committee	440	124
	<u>28327</u>	<u>27649</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	2000/01 £000	1999/00 £000
Full-time UK and EU Students	6102	6060
Full-time Overseas Students	1306	1465
Part-time Fees	1551	1485
Research Training Support Grants	109	111
Short Course Fees	191	229
Education Contracts	5905	5165
	<u>15164</u>	<u>14515</u>

Notes to the Accounts

Year Ended 31 July 2001

3. RESEARCH GRANTS AND CONTRACTS

	2000/01			1999/00		
	Income	Direct Expenditure	Net Contribution	Income	Direct Expenditure	Net Contribution
	£000	£000	£000	£000	£000	£000
Faculty of Arts						
English & Linguistics	33	27	6	26	26	
Welsh	19	16	3	10	10	
Media Studies	38	31	7			
Sport, Health & Exercise Science	68	59	9	197	160	37
History & Welsh History	40	40		34	32	2
Accounting, Banking & Economics				50	43	7
Business & Regional Development	227	200	27			
Community Regional & Communication Studies				72	70	2
Theology & Religious Studies	45	43	2	13	13	
Research Centre Wales	106	100	6	246	217	29
Sociology & Social Policy	67	56	11	104	92	12
Music	26	21	5	15	11	4
Psychology	847	687	160	1016	854	162
Total Faculty of Arts	1516	1280	236	1783	1528	255
Faculty of Science						
Informatics	1143	934	209	1279	989	290
Mathematics	56	44	12	40	32	8
Ocean Sciences	1221	982	239	1274	1051	223
Centre for Arid Zone Studies	664	581	83	710	611	99
Chemistry	353	285	68	172	150	22
Biological Sciences	1493	1284	209	1347	1168	179
Agriculture & Forest Sciences	965	796	169	733	586	147
Total Faculty of Science	5895	4906	989	5555	4587	968
Faculty of Education	447	336	111	320	239	81
Faculty of Health Studies	10	9	1	11	7	4
Institute of Environmental Science	165	150	15	56	52	4
Institute of Medical & Social Care Research	599	506	93	480	397	83
Administration and Central Services	343	263	80	404	305	99
BioComposites Centre	571	433	138	824	604	220
Total University & Consolidated	9546	7883	1663	9433	7719	1714
Sources of Research Income						
Research Councils	2874			2174		
UK Based Charities	618			566		
UK Central/Local Government & Health/Hospital Trusts	3172			3040		
UK Industry and Commerce	590			1129		
EU Government Bodies	1327			1748		
EU Other	36			84		
Other Overseas	159			175		
Other Sources	770			517		
	9546			9433		

Notes to the Accounts

Year Ended 31 July 2001

3. RESEARCH GRANTS AND CONTRACTS (Continued)

Income from Research Grants and Contracts includes Deferred Capital Grants released in year £224,000 (1999/00 £168,000) - see also Note 19

4. OTHER INCOME

	2000/01 £000	1999/00 £000
Residences, Catering and Conferences	5711	5508
Other Services Rendered (Note 6)	3974	3951
Health Trusts	154	276
Released from Deferred Capital Grants (Note 19)	26	22
Training Department	1879	2126
Other Income	3157	2212
	<hr/>	<hr/>
	14901	14095

5. ENDOWMENT AND INVESTMENT INCOME

	2000/01 £000	1999/00 £000
Transferred from Specific Endowments (Note 20)	193	223
Income from General Endowment Asset Investments (Note 20)	21	21
Income from Short Term Investments	175	259
	<hr/>	<hr/>
	389	503

Notes to the Accounts

Year Ended 31 July 2001

6. OTHER SERVICES RENDERED

	2000/01			1999/00		
	Income	Direct Expenditure	Net Contribution	Income	Direct Expenditure	Net Contribution
	£000	£000	£000	£000	£000	£000
Faculty of Arts						
English & Linguistics	295	256	39	202	185	17
Sport, Health & Exercise Science	33	29	4	5	4	1
History & Welsh History		8	(8)			
Accounting, Banking & Economics				69	46	23
Business & Regional Development	44	53	(9)			
Sociology & Social Policy	66	65	1	23	23	
Psychology	438	380	58	349	333	16
Total Faculty of Arts	876	791	85	648	591	57
Faculty of Science						
Informatics	97	91	6	19	17	2
Ocean Sciences	186	127	59	85	114	(29)
Centre for Arid Zone Studies	506	582	(76)	477	570	(93)
Chemistry	24	15	9	31	28	3
Biological Sciences	4	33	(29)	23	41	(18)
Agriculture & Forest Sciences	5	5		12	12	
Total Faculty of Science	822	853	(31)	647	782	(135)
Faculty of Education	124	178	(54)	342	308	34
Faculty of Health Studies	1		1	1		1
Institute of Medical & Social Care Research	161	150	11	158	149	9
Institute of Environmental Science	14	14		43	42	1
Administration and Central Services	339	297	42	307	273	34
BioComposites Centre	338	463	(125)	236	484	(248)
European Social Fund Programmes	629	532	97	784	636	148
College Farm	107	96	11	334	206	128
Total University	3411	3374	37	3500	3471	29
IDB (UWB) Ltd	563	503	60	451	402	49
Total Consolidated	3974	3877	97	3951	3873	78

Income from Other Services Rendered includes Deferred Capital Grants released in year £6,000 (1999/00 £14,000) - see also Note 19

Notes to the Accounts

Year Ended 31 July 2001

7. STAFF COSTS

	2000/01 £000	1999/00 £000
Staff Costs		
Wages and Salaries	36006	34924
Social Security Costs	2625	2572
Other Pension Costs (Note 29)	3214	3043
Exceptional Restructuring Costs	375	1623
	<u>42220</u>	<u>42162</u>

Exceptional restructuring costs of £375,000 in 2000/01 represent a provision in respect of severance arrangements announced before the year end (Note 18).

		(Restated)
Emoluments of the Vice-Chancellor	111	108

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. Emoluments have been restated to include the University's pension contributions to the Universities Superannuation Scheme. These are paid at the same rates as for other academic staff and amounted to £13,600 (1999/00 - £13,200)

Staff Numbers by Major Category

	Number	Number
Academic and Research	626	634
Academic Related	225	214
Clerical	342	344
Technical	117	126
Others	313	357
	<u>1623</u>	<u>1675</u>

Staff numbers are expressed as full time equivalents.

Analysis of Employees' Emoluments

	2000/01 £000	1999/00 £000
		(Restated)
£50,001-£60,000	38	32
£60,001-£70,000	9	9
£70,001-£80,000	2	
£80,001-£90,000	1	1
£100,001-£110,000	1	2
£110,001-£120,000	1	

Figures for the previous year have been restated to include the University's pension contributions to the Universities' Superannuation Scheme.

Notes to the Accounts

Year Ended 31 July 2001

8. OTHER OPERATING EXPENSES

	2000/01 £000	1999/00 £000
Academic Departments	6168	5369
Academic Services	1267	1031
Administration and Central Services	2251	2064
Premises Running Costs	1995	2011
Premises Routine Maintenance	1086	1917
Residences and Catering Operations	2274	2049
Research Grants and Contracts	2973	2766
Services Rendered	1817	1887
Grant to University's Students Union	411	418
Auditors' Remuneration (University £29,000: 2000 £24,000)	37	34
Auditors' Remuneration Non-Audit Services - Tax Planning and Consultancy (University £51,000: 2000 £83,000)	51	83
Internal Audit paid to Third Parties	13	28
Other	1086	1594
	<u>21429</u>	<u>21251</u>

9. INTEREST PAYABLE

	2000/01 £000	1999/00 £000
Loans not wholly repayable within five years	<u>1473</u>	<u>1517</u>

Notes to the Accounts

Year Ended 31 July 2001

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	2000/01					1999/00
	Staff Costs	Dep'n	Other Operating Expenses	Interest Payable	Total	Total
	£000	£000	£000	£000	£000	£000
Academic Departments (Note 11)	23051	306	6168		29525	28416
Academic Services	2902	133	1267		4302	3901
Central Administration and Services	3327	55	1222		4604	4090
General Educational	170		988		1158	1230
Staff and Student Facilities	687	4	553	57	1301	1185
Premises	1963	2	3081	371	5417	6255
Residences and Catering Operations	1802	3	2274	1040	5119	4804
Buildings Depreciation		2041			2041	2024
Research Grants and Contracts (Note 3)	4686	224	2973		7883	7719
Services Rendered (Note 6)	2030	30	1817		3877	3873
Staff Restructuring	375				375	1623
Other	1227		1086	5	2318	2482
Total per Income & Expenditure Account	42220	2798	21429	1473	67920	67602

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 19)	521
Revaluation Reserve Released (Note 21)	(753)
General Income	<u>3030</u>
	<u>2798</u>

Notes to the Accounts

Year Ended 31 July 2001

11. ACADEMIC DEPARTMENTS

	2000/01				1999/00
	Academic Staff	Non-Academic Staff	Other Expend	Total	Total
	£000	£000	£000	£000	£000
Faculty of Arts					
Arts & Humanities	39		1	40	
English & Linguistics	823	72	115	1010	1136
Welsh	279	18	16	313	337
Modern Languages	387	135	63	585	538
Sport, Health & Exercise Science	526	84	267	877	737
Media Studies	171		12	183	
Community Regional & Communication Studies					1042
Religious Studies	354	26	39	419	406
History & Welsh History	606	33	57	696	742
Accounting, Banking & Economics					932
Business & Regional Development	1194	173	432	1799	
Sociology & Social Policy	1000	117	77	1194	960
Music	459	31	127	617	560
Psychology	1767	275	778	2820	2667
Faculty	73	40	4	117	129
Total Faculty of Arts	7678	1004	1988	10670	10186
Faculty of Science					
Informatics	813	248	675	1736	1492
Mathematics	349	11	23	383	400
Ocean Sciences	1369	677	733	2779	2535
Chemistry	512	158	246	916	868
Biological Sciences	1411	511	398	2320	2502
Agriculture & Forest Sciences	1059	319	343	1721	1673
Total Faculty of Science	5513	1924	2418	9855	9470
Faculty of Education	1688	215	792	2695	2929
Faculty of Health Studies	3069	510	753	4332	4213
Continuing Education	933	116	446	1495	1241
Institute of Medical & Social Care Research	266	20	40	326	257
Institute of Environmental Science	24	66	19	109	111
Humanities Research Centre	25		18	43	9
Total University & Consolidated	19196	3855	6474	29525	28416

Notes to the Accounts

Year Ended 31 July 2001

12. TANGIBLE ASSETS

Consolidated

<u>Valuation/Cost</u>	Land and Buildings		Total £000
	Freehold £000	Equipmen t £000	
At 1 st August 2000			
Valuation	79649		79649
Cost	30566	6073	36639
Additions at Cost	1122	1216	2338
Disposals at Valuation	(281)		(281)
Revaluation	(3431)		(3431)
At 31 st July 2001			
Valuation	75937		75937
Cost	31688	7289	38977
<u>Depreciation</u>			
At 1 st August 2000	12243	5026	17269
Charge for Year	2042	756	2798
Eliminated on Disposals	(32)		(32)
Revaluation	(512)		(512)
At 31 st July 2001	13741	5782	19523
Net Book Value at 31 st July 2001	93884	1507	95391
Net Book Value at 1 st August 2000	97972	1047	99019
Inherited	5982		5982
Financed by Capital Grant	7471	777	8248
Other	80431	730	81161
Net Book Value at 31 st July 2001	93884	1507	95391

Notes to the Accounts

Year Ended 31 July 2001

12. TANGIBLE ASSETS (Continued)

University

	Land and Buildings		
	Freehold	Equipmen t	Total
<u>Valuation/Cost</u>	£000	£000	£000
At 1 st August 2000			
Valuation	79649		79649
Cost	27679	5621	33300
Additions at Cost	995	1184	2179
Disposals at Valuation	(281)		(281)
Revaluation	(3431)		(3431)
At 31 st July 2001			
Valuation	75937		75937
Cost	28674	6805	35479
<u>Depreciation</u>			
At 1 st August 2000	12003	4577	16580
Charge for Year	1978	748	2726
Eliminated on Disposals	(32)		(32)
Revaluation	(512)		(512)
At 31 st July 2001	13437	5325	18762
Net Book Value at 31 st July 2001	91174	1480	92654
Net Book Value at 1 st August 2000	95325	1044	96369
Inherited	5982		5982
Financed by Capital Grant	7471	758	8229
Other	77721	722	78443
Net Book Value at 31 st July 2001	91174	1480	92654

Certain buildings have been funded from Treasury sources: should these buildings be sold, the University would have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Higher Education Funding Council for Wales.

A valuation of freehold land and buildings as at 1 August 1999 was completed during the year ended 31 July 2000. The results indicated certain reductions in valuation which appeared anomalous and inconsistent with previous valuations and other relevant information. This cast doubt over the assumptions used in, and the scope of, the valuation. Thorough investigation has not provided satisfactory explanations for all anomalies and it would therefore be inappropriate to recognise the valuation in its entirety in these accounts. Adjustments have been made to recognise certain aspects of the valuation which are considered to be reliable.

Notes to the Accounts

Year Ended 31 July 2001

13. INVESTMENTS

	<u>Consolidated</u>		<u>University</u>	
	2001 £000	2000 £000	2001 £000	2000 £000
<u>Fixed</u>				
Investment in Subsidiary Companies at Cost			4260	4260
Investment in Joint Ventures	75	(18)	50	
- <i>share of gross assets</i>	2666	860		
- <i>share of gross liabilities</i>	(2591)	(878)		
Loan to Joint Venture	1410		1410	
Investment in CVCP Properties Plc at Cost	33	33	33	33
	1518	15	5753	4293
<u>Current</u>				
Investment in British Technology Group Plc at Cost		4		4

14. ENDOWMENT ASSET INVESTMENTS

Consolidated and University

	2000/01 £000	1999/00 £000
At 1 st August	5694	5326
Additions	993	736
Disposals	(954)	(680)
(Depreciation)/Appreciation on Revaluation	(712)	312
At 31 st July	5021	5694
Fixed Interest Stocks	1232	1296
Equities	3274	3881
Bank Balances	515	517
	5021	5694
Fixed Interest and Equities at Cost	3570	3011

Notes to the Accounts

Year Ended 31 July 2001

15. DEBTORS

	<u>Consolidated</u>		<u>University</u>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Amounts falling due within one year:				
Debtors	4821	5175	4614	5036
Prepayments and Accrued Income	3000	2684	2979	2620
Amount due from Joint Venture	164	108	164	108
Group Debtors			497	285
	7985	7967	8254	8049
Amounts falling due after one year:				
Prepayment to Joint Venture	1027		1027	
	9012	7967	9281	8049

The prepayment to Joint Venture comprises standing charges for the use of the vessel owned by the Joint Venture which had been paid in advance in respect of the period of the usage agreement. The prepayment will be charged to the Income and Expenditure Account on a straight line basis over the period of the agreement.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Mortgages and Unsecured Loans	795	735	754	699
Bank Overdrafts	211	331	211	329
Creditors and Accruals	4777	5320	4722	5208
Social Security and Other Taxation Payable	1123	1056	1123	1056
Deferred Income	5592	4259	5528	4251
Group Creditors			115	171
	12498	11701	12453	11714

Notes to the Accounts

Year Ended 31 July 2001

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2001 £000	2000 £000	2001 £000	2000 £000
Mortgages secured on residential and other property repayable in instalments over periods expiring between 2008 and 2023	16789	17561	16789	17561
Debts due to Local Authorities repayable in instalments over periods expiring between 2006 and 2013	108	121	108	121
Loan from Group Company			350	
Group Advance			696	794
	16897	17682	17943	18476

Mortgages secured on residential and other property are comprised of both fixed and variable interest rate loans, with the latter being linked to either LIBOR or the bank base rate.

18. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated and University

	Staff Restruc- turing	Other	Total
	£000	£000	£000
At 1 st August 2000	1442	315	1757
Utilised in Year	(1341)	(58)	(1399)
Transfer from Income and Expenditure Account	375	82	457
At 31 st July 2001	476	339	815

The closing provision under Other relates wholly to doubtful debts.

Notes to the Accounts

Year Ended 31 July 2001

19. DEFERRED CAPITAL GRANTS

Consolidated

	Funding Council	Other Grants & Benefactions	Total
	£000	£000	£000
At 1 st August 2000			
Buildings	6352	1073	7425
Equipment	123	209	332
	<hr/>	<hr/>	<hr/>
Total	6475	1282	7757
	<hr/>	<hr/>	<hr/>
Cash Received			
Buildings		213	213
Equipment	467	332	799
Other		2437	2437
	<hr/>	<hr/>	<hr/>
Total	467	2982	3449
	<hr/>	<hr/>	<hr/>
Released to Income and Expenditure			
Buildings (Notes 1 and 4)	141	26	167
Equipment (Notes 1, 3 and 6)	124	230	354
	<hr/>	<hr/>	<hr/>
Total (Note 10)	265	256	521
	<hr/>	<hr/>	<hr/>
At 31 st July 2001			
Buildings	6211	1260	7471
Equipment	466	311	777
Other		2437	2437
	<hr/>	<hr/>	<hr/>
Total	6677	4008	10685
	<hr/>	<hr/>	<hr/>

19. DEFERRED CAPITAL GRANTS (Continued)

University

Notes to the Accounts

Year Ended 31 July 2001

	Funding Council	Other Grants & Benefactions	Total
	£000	£000	£000
At 1 st August 2000			
Buildings	6352	1073	7425
Equipment	123	209	332
	<hr/>	<hr/>	<hr/>
Total	6475	1282	7757
	<hr/>	<hr/>	<hr/>
Cash Received			
Buildings		213	213
Equipment	467	307	774
Other		2437	2437
	<hr/>	<hr/>	<hr/>
Total	467	2957	3424
	<hr/>	<hr/>	<hr/>
Released to Income and Expenditure			
Buildings (Notes 1 and 4)	141	26	167
Equipment (Notes 1, 3 and 6)	124	224	348
	<hr/>	<hr/>	<hr/>
Total	265	250	515
	<hr/>	<hr/>	<hr/>
At 31 st July 2001			
Buildings	6211	1260	7471
Equipment	466	292	758
Other		2437	2437
	<hr/>	<hr/>	<hr/>
Total	6677	3989	10666
	<hr/>	<hr/>	<hr/>

Other deferred capital grants relate to cash received from the Natural Environment Research Council as part of the funding for the establishment of the VT Ocean Sciences Limited joint venture company.

Notes to the Accounts

Year Ended 31 July 2001

20. ENDOWMENTS

Consolidated and University

	Specific £000	General £000	Total £000
At 1 st August 2000	5073	621	5694
Additions	15		15
Depreciation of Endowment Asset Investments	(628)	(84)	(712)
Income for Year	216	22	238
Transferred to Income and Expenditure Account (Note 5)	(193)	(21)	(214)
	<hr/>	<hr/>	<hr/>
At 31 st July 2001	4483	538	5021
Representing:			
Fellowships and Scholarships Funds	1430		1430
Prize Funds	271		271
Other Funds	2782	538	3320
	<hr/>	<hr/>	<hr/>
At 31 st July 2001	4483	538	5021

Notes to the Accounts

Year Ended 31 July 2001

21. REVALUATION RESERVE

Consolidated and University

	2000/01 £000	1999/00 £000
<u>Revaluations</u>		
At 1 st August	47953	47953
Revaluation at 31 st July 2001	(2919)	
	<hr/>	<hr/>
At 31 st July	45034	47953
<u>Contributions to Depreciation</u>		
At 1 st August	(5502)	(4746)
Released in Year (Note 10)	(753)	(756)
	<hr/>	<hr/>
At 31 st July	(6255)	(5502)
<u>Repayment of Debt Principal</u>		
At 1 st August	121	108
Repayments to Local Authorities in Year	13	13
	<hr/>	<hr/>
At 31 st July	134	121
<u>Realisation on Disposals</u>		
At 1 st August	(1004)	(379)
Released in Year	(155)	(625)
	<hr/>	<hr/>
At 31 st July	(1159)	(1004)
<u>Net Revaluation Amount</u>		
At 31 st July	<hr/>	<hr/>
	37754	41568

Notes to the Accounts

Year Ended 31 July 2001

22. INCOME AND EXPENDITURE ACCOUNT

	<u>Consolidated</u> £000	<u>University</u> £000
Deficit on Continuing Operations after Depreciation of Assets at Valuation	(771)	(755)
Contributions to Depreciation Released from Revaluation Reserve (Note 21)	753	753
Realisation on Disposal of Fixed Assets (Note 21)	155	155
Historical Cost Surplus for the Year	<u>137</u>	<u>153</u>
Repayment of Debt Principal to Local Authorities (Note 21)	(13)	(13)
At 1 st August 2000	<u>29914</u>	<u>30127</u>
At 31 st July 2001	<u>30038</u>	<u>30267</u>

23. CAPITAL COMMITMENTS

Consolidated and University

	2000/01 £000	1999/00 £000
Commitments authorised and contracted at 31 st July	<u>388</u>	<u>744</u>

Notes to the Accounts

Year Ended 31 July 2001

24. RECONCILIATION OF CONSOLIDATED OPERATING DEFICIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2000/01 £000	1999/00 £000
Operating Deficit after Depreciation of Assets at Valuation & before share of Joint Venture's Surplus and Minority Interests	(814)	(2557)
Depreciation (Note 12)	2798	2672
Deferred Capital Grants Released to Income (Note 19)	(521)	(411)
Investment Income (Note 5)	(389)	(503)
Profit on Sale of Investment Assets	(440)	
Profit on Sale of Endowment Assets	(516)	(155)
(Profit)/Loss on Sale of Fixed Assets	(170)	86
Interest Payable (Note 9)	1473	1517
Decrease in Stocks	76	213
Increase in Debtors	(18)	(104)
Increase in Creditors	857	2155
(Decrease)/Increase in Provisions	(942)	1336
Net Cash Inflow from Operating Activities	<u>1394</u>	<u>4249</u>

25. FINANCING

	Mortgages & Loans £000
At 1 st August 1999	19069
Capital Repayments	<u>(652)</u>
At 31 st July 2000	<u>18417</u>
At 1 st August 2000	18417
New Loans	5
Capital Repayments	<u>(730)</u>
Net Amount Repaid in Year	<u>(725)</u>
At 31 st July 2001	<u>17692</u>

Notes to the Accounts

Year Ended 31 July 2001

26. ANALYSIS OF CHANGES IN CONSOLIDATED NET DEBT

	At 1 st August £000	Cash Flows £000	Other Changes £000	At 31 st July £000
Cash at Bank and in Hand				
Endowment Assets	517	(2)		515
Other	695	(86)		609
Bank Overdrafts	(331)	120		(211)
	<u>881</u>	<u>32</u>		<u>913</u>
Short-Term Deposits	2295	(446)		1849
Debt due within one year	(735)	730	(790)	(795)
Debt due after one year	(17682)	(5)	790	(16897)
	<u>(15241)</u>	<u>311</u>		<u>(14930)</u>

27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Note	2000/01 £000	1999/00 £000
Income from Endowments	20	238	262
Income from Short term Investments	5	175	259
Interest Paid	9	(1473)	(1517)
		<u>(1060)</u>	<u>(996)</u>

28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Note	2000/01 £000	1999/00 £000
Tangible Assets Acquired	12	(2338)	(4271)
Endowment Asset Investments Acquired	14	(993)	(704)
Net Assets Acquired in Joint Venture		(50)	
		<u>(3381)</u>	<u>(4975)</u>
Total Fixed and Endowment Assets Acquired		(3381)	(4975)
Receipts from Sale of Endowment Assets		1468	835
Receipts from Sale of Fixed Assets		419	1155
Receipts from Sale of Investment Assets		444	
Prepayment to Joint Venture		(1027)	
Loan to Joint Venture		(1410)	
Deferred Capital Grants Received	19	3449	650
Endowments Received	20	15	38
		<u>(23)</u>	<u>(2297)</u>

29. PENSION SCHEMES

Notes to the Accounts

Year Ended 31 July 2001

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the College Pension and Assurance Scheme 1978 (CPAS). The assets of the schemes are held in separate trustee-administered funds. USS provides benefits based on final pensionable salary for academic and related employees of all UK Universities and some other employees. The College Scheme provides similar benefits for other staff of the University. The pension funds are valued every three years by a professionally qualified independent actuary using the projected unit method.

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 1999. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.6% per annum and pensions would increase by 2.6% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 5.5% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.5% per annum and pensions would increase by 2.5% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £18,870m (including an estimated £55m in respect of outstanding bulk transfer payments due) and the value of the past service liabilities was £17,427m leaving a surplus of assets of £1,443m. The assets were therefore sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16.3% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 2.3% for the period of 11 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £561m of the surplus. It was also agreed, following the valuation, that £201m of the surplus would be used to fund certain benefit improvements. This left a past service surplus of £681m (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2002 when the above rates will be reviewed.

The total pension cost for the institution was £2.855m (2000: £2.684m). This includes £392k (2000: £368k) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

Notes to the Accounts

Year Ended 31 July 2001

29. PENSION SCHEMES (continued)

College Pension and Assurance Scheme 1978

The University operates a defined benefit scheme in the UK, the College Pension and Assurance Scheme 1978. A full actuarial valuation was carried out at 1 August 1999 by a qualified independent actuary. The results of that valuation have been projected to 31 July 2001. The major assumptions used by the actuary were:

Rate of Increase in Salaries	5.0%
Rate of Increase in Pensions Payment	3.0%
Discount Rate	6.0%
Inflation Assumption	3.0%

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

	Long Term Rate of Return	Value at 31 July 2001
		£ Million
Equities	7.25%	39.7
Bonds	5.25%	5.0
Property	7.25%	1.8
Cash	5.25%	1.1
		<u>47.6</u>

The following amounts at 31 July 2001 were measured in accordance with the requirements of FRS 17:

	£ Million
Total Market Value of Assets	47.6
Present Value of Scheme Liabilities	<u>(38.5)</u>
Surplus in the Scheme - Net Pension Asset	<u>9.1</u>

Notes to the Accounts

Year Ended 31 July 2001

29. PENSION SCHEMES (continued)

If the above amounts had been recognised in the financial statements, the University's net assets and income and expenditure account at 31 July 2001 would be as follows:

	£ Million
Net Assets Excluding Pension Asset	83.5
Pension Asset	<u>9.1</u>
Net Assets Including Pension Asset	<u>92.6</u>
Income and Expenditure Account	30.0
Pension Reserve	<u>9.1</u>
Income and Expenditure Account	<u>39.1</u>

Pension Costs

The total pension cost for the University and its subsidiaries was:

	2000/01 £000	1999/00 £000
Contributions to USS (14% of pensionable salaries)	2855	2684
Contributions to CPAS (3% of pensionable salaries)	232	229
Contributions to Other Pension Schemes	<u>127</u>	<u>130</u>
	<u>3214</u>	<u>3043</u>

Other pension schemes includes contributions to the Teachers Superannuation Scheme.

Notes to the Accounts

Year Ended 31 July 2001

30. RELATED PARTY TRANSACTIONS

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

Professor H R Evans, Vice-Chancellor and Dr H G F Roberts, Pro-Vice-Chancellor are trustees of the St Mary's College Trust, Bangor. During the financial year 2000/01 funding of £49k was received by the University from the St Mary's College Trust, Bangor (1999/2000 £47k).

During the year, Mr D W Hughes, Director of Finance of the University, served as a director of UNDEB (Management) Cyf and UNDEB (Trading) Cyf. A number of transactions were undertaken during the year between various service departments of the University and UNDEB (Management) Cyf and UNDEB (Trading) Cyf. These transactions were conducted at an arm's length and in accordance with the University's financial regulations. In addition, the University has previously advanced UNDEB (Trading) Cyf, and the balance at the end of the year was £197k (1999/2000 £217k). Both of these companies are part of the Students' Union.

A number of the trustees of the Development Trust are also members of Council or senior employees of the University. The Development Trust's objective is the support of the University's activities by donations and a total of £188k (1999/2000 £187k) was received from the Trust during the year. The University provides an administration service to the Development Trust. In addition, the University has previously advanced the Development Trust, and the balance at the year end was £108k (1999/2000 £90k).

31. ACCESS AND HARDSHIP FUNDS

	2000/01 £000	1999/00 £000
Council Grants	432	279
Interest Earned	5	3
	<hr/>	<hr/>
	437	282
Disbursed to Students	(436)	(282)
	<hr/>	<hr/>
Balance Unspent at 31 st July	1	

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

Appendix
Year Ended 31 July 2001
Ratios

FINANCIAL RATIOS

	2000/01	1999/00
	Consolidated	Consolidated
Ratio of Council Grants to Total Income	41.46%	41.77%
Ratio of Home Fees & Education Contracts to Total Income	20.28%	19.71%
Ratio of Overseas Fees to Total Income	1.91%	2.21%
Ratio of Research Income to Total Income	13.97%	14.25%
Ratio of Other Services Rendered Income to Total Income	5.82%	5.97%
Ratio of Historical Surplus/(Deficit) for the year to Total Income	0.20%	(1.69%)
Long-term Liabilities and Provisions to Income and Expenditure Reserves	58.97%	64.98%
Ratio of Liquid Assets to Current Liabilities	0.92	0.94
Ratio of Current Assets to Current Liabilities	0.94	0.97
Days of Total Income represented by Debtors	48	44

Total Income includes share of Joint Venture's income.