

# Financial Statements

Year ended 31 July 2007

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# Treasurer's Report

Year ended 31 July 2007

## Scope of the Financial Statements

The financial statements for the year ended 31 July 2007 consolidate the results of the University and its subsidiary and joint venture companies, the details of which are provided in Note 14 to the Accounts.

## Results for the Year

The Income and Expenditure Account results for the year to 31 July 2007 are summarised as follows:

	2006/07 £000	2005/06 £000
Income	99190	93638
Surplus on Continuing Operations	2053	504
(Deficit)/Surplus for the year retained within General Reserves	(4611)	696
Historical Cost (Deficit)/Surplus	(2302)	1376

The Income and Expenditure Account posted a record surplus on continuing operations, before the loss on disposal of fixed assets and share of joint ventures and associates surplus, of £2,053k (2005/06 £504k). This result is testament to the hard work of all concerned in improving the University's financial position, and at 2.1% of turnover is significantly better than the sector average for Wales last year. However, it is vital that the University pursues a strategy of increasing this level of surplus still further to ensure financial sustainability and create sufficient headroom for investment in its infrastructure.

The £4,611 deficit (2005/06 £696k surplus) retained in General Reserves is struck after a loss of £7,066k on disposal of assets, primarily relating to the impairment of asset values associated with the demolition of certain buildings on the Ffriddoedd Site and on Deiniol Road to make way for new capital developments. These include a new flagship Environmental Science building, completed during the year, and the formal decision during the year to proceed with a Public-Private

Partnership scheme to renew a significant part of the residential estate.

During the year income grew by 5.9%, with the most significant increases found in Funding Council Grants and Tuition Fees & Education Contracts.

Funding Council Grants increased by £5,697k (15.3%), which is mainly accounted for by Supplementary Income Stream (SIS) funding of £3,359k to compensate the sector, for one year, for the delayed introduction of variable tuition fees in Wales. Excluding the impact of SIS, recurrent funding grew by only 2.2% (£670k) on the previous year. Another significant increase relates to £910k (2005/06 £40k) from the Reconfiguration and Collaboration Fund to support a research and enterprise partnership with the University of Wales, Aberystwyth and the establishment of the Wales Institute of Cognitive Neuroscience with Cardiff University and the University of Wales, Swansea. These projects came fully on stream during the year.

Tuition Fees & Education Contracts increased by 9.1% (£1,945k). Whilst the largest increase under this heading related to an increase in part-time fees from distance learning programmes offered by Business & Management Education Ltd, the University's continued focus on its international student recruitment strategy has yielded a continuing trend of success with an increase in fee income of £535k (14.5%) on the previous year.

Income from externally funded Research Grants & Contracts shows a modest decline of £1,369k (9.9%) on the previous year, reflecting a dip in grant capture during 2005/06 compared to record levels achieved in the previous three years. However, 2006/07 has seen the best ever year of grant capture at £20.7m, which is a notable achievement and a tribute to the quality and effort of the University's staff. Within this is another record of £11.9m awarded by Research Councils, recognised to be the "gold standard" of research income, which is cause for further celebration. As a result the level of research income is certain to more than recover during the forthcoming year.

Operating expenditure, before staff restructuring costs and FRS 17 pension cost adjustments, increased by 5.5% and is

# Treasurer's Report

Year ended 31 July 2007

contained within the growth in income. Staff restructuring costs at £1,643k (2005/06 £1,931k) continue to be a significant cost but are an important part of the University's strategy in addressing operational priorities and ensuring long term sustainability. Excluding the impact of FRS 17, staff costs during the year show a marginal decrease to 58.6% (see Figure 1) as a percentage of total income, and continue the trend of successfully bearing down on costs in this area.

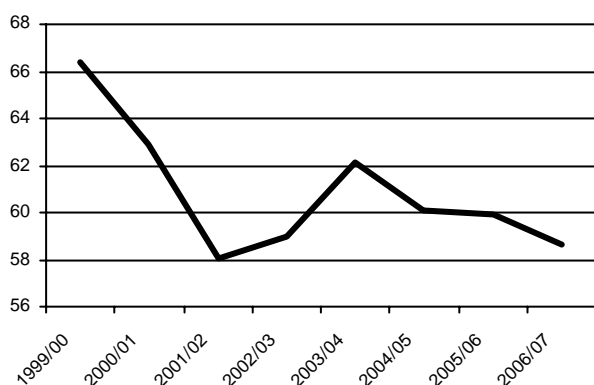


Figure 1: Staff costs as a % of total income

In previous years this report has highlighted the significant improvements that have been made in the planning and budgeting systems within the academic domain and central service departments. During the year there has been an increasing focus on the operations of self-funded units and subsidiary companies. Following a careful assessment a decision was made to dispose of a loss-making subsidiary, the Bangor Centre for Developmental Disabilities Ltd. in April 2007.

## Pensions

The University's academic and related staff are members of either the Universities Superannuation Scheme or Teachers Superannuation Scheme. Under FRS 17 these multi-employer schemes are treated as if they were defined contribution schemes and the cost is recognised in the accounts only to the extent of employer contributions by the University.

Non-academic staff participate in the University of Wales, Bangor Pension and Assurance Scheme which is a defined benefit

scheme. For such schemes FRS 17 requires that the difference between the fair value of the assets held in the scheme and the scheme's liabilities is recognised in the University's balance sheet. Improved market conditions and investment returns during the year, together with higher bond yields which are used to discount future liabilities, lead to a significantly reduced Pension Liability at £2,369k (2006 £9,702k). Changes in the Pension Liability arising from factors, other than employer contributions by the University, are charged to the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses in accordance with FRS 17. The net impact of these FRS 17 adjustments results in a net credit to the Income and Expenditure Account of £141k (2005/06 net charge £678k).

## Investment Performance

The University has a number of endowment funds arising from bequests and other donations. These funds are invested on a pool basis and managed by HSBC Investments. The value of these investments increased by £305k to £5,569k at 31 July 2007, reflecting improved conditions in the financial markets. The average yield was 3.3% (2005/06 3.1%). The University's short term deposits are managed by the Royal London Group. Investment performance is monitored by the University's Investments Committee.

## Capital Projects

Expenditure of £12m was incurred on capital projects, being financed through a combination of capital grants, additional loan finance and cash balances. The new Environmental Science building was completed during the year, and the major refurbishment of the listed ADME complex, housing the new Management Centre, was completed shortly after the year end.

The University's Council formally approved a Public-Private Partnership scheme to renew part of the residential estate, which will see the construction of over 1,100 bedspaces and the demolition of the poorest quality accommodation. Construction is now well underway and the first blocks are expected to be made available in September 2008. The capital value of the project is in excess of

# Treasurer's Report

Year ended 31 July 2007

£30m and will constitute an "off balance sheet" scheme.

Further investment of £3.2m in equipment took place during the year, including the purchase of a state-of-the-art Magnetic Resonance Imaging (MRI) scanner which will be used in basic and clinical research.

## Cash Flow and Liquidity

From a low point in 2001 the University has successfully improved its cash flow and liquidity position year on year. The consolidated cash flow reveals a net cash inflow from operating activities of £2,278k (2005/06 £4,947k), with cash balances and short term deposits increasing by an overall sum of £215k on the previous year. Net current assets closed at £8,221k, representing an £1,894k increase on the previous year, with the Days Net Liquid Assets:Total Expenditure ratio (see figure 2) closing at 52 days (2005/06 53 days).

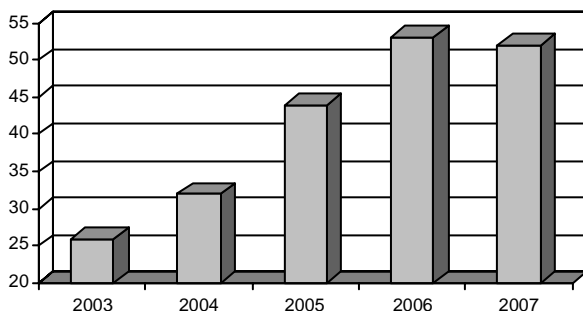


Figure 2: Days Net Liquid Assets:Total Expenditure ratio

## Degree Awarding Powers and University Title

Following the year end, and with effect from 1 September, the Privy Council formally granted to the University "Degree Awarding Powers" and new legal title of Bangor University. This follows an inspection report published by the Quality Assurance Agency, whose intensive year long review was undertaken in combination with the University's application for Degree Awarding Powers. The University

received an excellent report which is a tribute to the quality and commitment of all staff.

## Future Developments

The University remains committed to its goal of becoming a world-class research-led University. It has invested heavily in new appointments over the past 2 years in the run up to the 2008 RAE, and it is confident that it enters this exercise in a stronger position than before. An improved performance in the RAE, variable tuition fees coming on stream and the introduction of full economic costing for research are all vital elements in improving the financial strength of the University in order to support continued investment in both staff and the physical infrastructure. Work continues on developing the detailed plans and associated funding strategies for a new and ambitious Estates Strategy.

Following the year end in October, the University disposed of its interest in its joint venture company, Business & Management Education Ltd, to the University of Manchester. This decision followed a strategic review of future distance learning provision.

## Conclusion

Bangor's financial position continues to improve and the careful stewardship of its resources is now paying dividends. The major investments I referred to last year are now well underway and the physical appearance of the campus is beginning to be transformed by new investment. Other major investments are in place for the RAE and I wish the University well in this key review. I warmly congratulate all those who have contributed to this sterling performance and I am confident that secure foundations have been laid for our future success.

**Huw Elwyn Jones**

# Corporate Governance

Year ended 31 July 2007

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 receives an annual report of the work undertaken by the internal auditor from the Audit & Risk Committee, which provides an assurance on the effectiveness of the University's system of internal control, risk management and governance processes. For the year ended 31 July 2007 the report expresses a satisfactory opinion that sufficient internal audit work has been undertaken to draw reasonable conclusion that, subject as in previous years to the implementation of audit recommendations, the University has adequate and effective risk management, control and governance processes to manage the achievement of the University's objectives.

The Council is of the view that there is a satisfactory process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2007 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 2004.

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 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. A 'Statement of Primary Responsibilities' was adopted by Council in December 2004.

The roles of President and Vice-President 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). 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 (for up to a maximum of 8 years), and re-appointment is not automatic.

- 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 North Wales community and other designated bodies

## Corporate Governance

Year ended 31 July 2007

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.

- The Senate - is the academic authority of the University and draws its membership entirely from the academic staff and the students of the institution.

The Council meets on four occasions each year but much of its detailed work is handled initially by standing committees of the Council.

The Resources Committee meets four times a year and is responsible for monitoring the work of management in all aspects relating to the physical and financial resources of the University.

The Nominations Committee considers nominations for specific vacancies in the Council membership under the relevant Statute. Certain lay members are appointed by external bodies.

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

The Audit & Risk Committee, which meets quarterly, is constituted of five lay Council members and two co-opted external 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 & Risk Committee as necessary, they are not members of the Committee, and the Committee may meet regularly 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.

In accordance with the University's Risk Management Policy, the Risk Management Task 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

emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Audit & Risk Committee carries out an annual assessment by considering documentation from the Risk Management Task Group and internal audit, and taking account of events since the previous year end. It reports on Risk Management to the Council.

Day-to-day management of the University is undertaken by an Executive, consisting of the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Registrar, the Director of Finance and the Director of Planning. Members of the group have executive authority over their respective portfolios. The Executive meets weekly and is assisted in its work by Task Groups which it establishes from time to time to consider particular issues. It is accountable to the Council.

The Board of College Heads, consisting of the Heads of Colleges, and the Board of Academic Heads, consisting of the Heads of the Academic Schools, meet with members of the Executive. These groups of key stakeholders within the University are used as a consultative forum to consider important strategic and policy issues.

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.

The University has taken note of the Code of Practice on governance as set out in the CUC Guide for Members of Higher Education Governing Bodies in the UK (November 2004), and is of the view that it is compliant with the Code.

# Responsibilities of Council

Year ended 31 July 2007

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 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 the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Memorandum 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;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed

## **Responsibilities of Council**

*Year ended 31 July 2007*

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appraisal and review according to approval levels set by the Council;

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and the Resources Committee;
- a professional Internal Audit function whose annual programme is approved by the Audit Committee.

The Audit & Risk 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.



# Independent Auditors' Report

Year ended 31 July 2007

## Independent auditors' report to the Council of the University of Wales, Bangor

We have audited the Group and University financial statements (the "financial statements") of the University of Wales, Bangor for the year ended 31 July 2007 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related Notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the University's Council and Auditors

The University's Council responsibilities for preparing the Treasurer's report and the Group financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of Council on pages 7 and 8.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 (2003). We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all

material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for Wales. We also report to you whether in our opinion the Treasurer's Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Treasurer's Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

## Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 University's Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and the University'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.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and the University as at 31 July

# Independent Auditors' Report

*Year ended 31 July 2007*

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2007 and of the Group's deficit for the year then ended;

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003);
- in all material respects, income from the Higher Education Funding Council for Wales, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2007 have been applied for the purposes for which they were received; and
- in all material respect, income during the year ended 31 July 2007 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for Wales.

## **KPMG LLP**

Chartered Accountants and Registered Auditor  
Manchester

14 December 2007

# Consolidated Income and Expenditure Account

Year ended 31 July 2007

	Note	Consolidated	
		2006/07 £000	2005/06 £000
<b>INCOME</b>			
Council Grants	2	42969	37272
Tuition Fees and Education Contracts	3	23284	21339
Research Grants and Contracts	4	12439	13808
Other Income	5	22631	22713
Endowment and Investment Income	6	1345	1205
<b>Total Consolidated and share of Joint Ventures Income</b>		<b>102668</b>	<b>96337</b>
Less share of Joint Ventures Income		(3478)	(2699)
<b>Total Income</b>		<b>99190</b>	<b>93638</b>
<b>EXPENDITURE</b>			
Staff Costs	8	56509	54189
Restructuring Costs	8	1643	1931
Other Operating Expenses	9	33670	31999
Depreciation	13	4417	4111
Interest Payable	10	898	904
<b>Total Expenditure</b>	11	<b>97137</b>	<b>93134</b>
Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation		2053	504
(Loss)/Profit on Disposal of Assets	13	(7066)	274
(Deficit)/Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Disposal of Assets but before share of Joint Ventures and Associates Surplus/(Deficit)		(5013)	778
Share of Joint Ventures and Associates Surplus/(Deficit)	14B	316	(63)
<b>(Deficit)/Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Disposal of Assets and share of Joint Ventures and Associates Surplus/(Deficit)</b>		<b>(4697)</b>	<b>715</b>
Transfer from/(to) Accumulated Income within Specific Endowments		86	(19)
<b>(Deficit)/Surplus for the year retained within General Reserves</b>	23	<b>(4611)</b>	<b>696</b>

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

## Statement of Consolidated Historical Cost Deficits and Surpluses

Year ended 31 July 2007

	Note	Consolidated	
		2006/07 £000	2005/06 £000
(Deficit)/Surplus on Continuing Operations		(4697)	715
Difference Between Historical Cost Depreciation and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	612	661
Realisation of Property Revaluation Gains of Previous Years	22	1783	
<b>Historical Cost (Deficit)/Surplus</b>		<b>(2302)</b>	<b>1376</b>

## Statement of Total Recognised Gains and Losses

Year ended 31 July 2007

	Note	Consolidated	
		2006/07 £000	2005/06 £000
(Deficit)/Surplus on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Disposal of Assets and share of Joint Ventures and Associates Surplus/(Deficit)		(4697)	715
Appreciation of Endowment Asset Investments	21	391	282
Actuarial Gain/(Loss) on Pension Scheme	31	7192	(816)
Endowments Received			196
<b>TOTAL RECOGNISED GAINS FOR THE YEAR</b>		<b>2886</b>	<b>377</b>
<b>Reconciliation</b>			
Opening Reserves and Endowments		64888	64511
Total Recognised Gains for the Year		2886	377
<b>Closing Reserves and Endowments</b>		<b>67774</b>	<b>64888</b>

# Balance Sheet

At 31 July 2007

	Note	Consolidated		University	
		2007 £000	2006 £000	2007 £000	2006 £000
<b>FIXED ASSETS</b>					
Tangible Assets	13	106635	102971	97332	97371
Investments	14A	1843	1843	3100	5152
Interest in Joint Ventures and Associates	14B	29	(287)		
- share of gross assets		4131	3413		
- share of gross liabilities		(4102)	(3700)		
		108507	104527	100432	102523
<b>ENDOWMENT ASSET INVESTMENTS</b>	15	5569	5264	5569	5264
<b>CURRENT ASSETS</b>					
Stocks and Stores in Hand		207	149	96	92
Debtors	16	14374	12597	11535	12636
Short Term Deposits		9509	12577	9509	12577
Cash at Bank and in Hand		4886	1025	3954	217
		28976	26348	25094	25522
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(20755)	(20021)	(18642)	(19451)
<b>NET CURRENT ASSETS</b>		8221	6327	6452	6071
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		122297	116118	112453	113858
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(15714)	(13190)	(12923)	(13644)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	(447)	(277)	(447)	(277)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		106136	102651	99083	99937
<b>PENSION LIABILITY</b>	31	(2369)	(9702)	(2369)	(9702)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		103767	92949	96714	90235

# Balance Sheet

At 31 July 2007

	Note	Consolidated		University	
		2007 £000	2006 £000	2007 £000	2006 £000
DEFERRED CAPITAL GRANTS	20	35993	28061	28309	24852
ENDOWMENTS					
Specific	21	4995	4731	4995	4731
General	21	574	533	574	533
		5569	5264	5569	5264
RESERVES					
General Reserve excluding Pension Liability	23	33435	35792	34066	36287
Pension Reserve	31	(2369)	(9702)	(2369)	(9702)
General Reserve including Pension Liability		31066	26090	31697	26585
Revaluation Reserve	22	31139	33534	31139	33534
TOTAL RESERVES		62205	59624	62836	60119
TOTAL FUNDS		103767	92949	96714	90235

The financial statements on pages 11 to 45 were approved by the Council on 14 December 2007 and signed on its behalf by

R M JONES, Vice-Chancellor

H ELWYN JONES, Treasurer

D W HUGHES, Director of Finance

University of Wales, Bangor

# Consolidated Cashflow Statement

Year ended 31 July 2007

	Note	2006/07 £000	2005/06 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	2278	4947
Returns on Investments and Servicing of Finance	28	13	(15)
Capital Expenditure and Financial Investment	29	(4727)	(1064)
Cash (Outflow)/Inflow before Management of Liquid Resources and Financing		(2436)	3868
Management of Liquid Resources	30	3189	(3336)
Financing	26	2530	(699)
INCREASE/(DECREASE) IN CASH IN THE YEAR		3283	(167)
<b>RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET (DEBT)/FUNDS</b>			
INCREASE/(DECREASE) IN CASH IN THE YEAR		3283	(167)
(Decrease)/Increase in Liquid Resources	30	(3189)	3336
New Loans	26	(3250)	
Capital Repayments	26	720	699
(Increase)/Reduction in Net Debt in the Year		(2436)	3868
Net Funds/(Debt) at 1 <sup>st</sup> August	27	435	(3433)
NET (DEBT)/FUNDS AT 31 <sup>ST</sup> JULY	27	(2001)	435

# Notes to the Accounts

Year ended 31 July 2007

## 1. 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 (2003) and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for Wales.

### Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of endowment asset investments and the revaluation of certain land and buildings.

### Basis of Consolidation

The consolidated financial statements include the financial statements of the University and all subsidiary and joint venture undertakings for the financial year to 31 July 2007. Intra-group sales and profits are eliminated fully on consolidation. Holdings in Business & Management Education Limited 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.

### Recognition of Income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the University are included as expenditure in Note 9.

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 is included to the extent of relevant expenditure incurred during the year.

Recurrent grants from the Higher Education Funding Council for Wales and the 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.

### Maintenance of Premises

The cost of long term maintenance and routine corrective maintenance is charged to the income and expenditure account as incurred.

### Pension Costs

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

#### *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 Second Pension. The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17: Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.



# Notes to the Accounts

Year ended 31 July 2007

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### *University of Wales, Bangor Pension and Assurance Scheme 1978*

The University operates the University of Wales, Bangor Pension and Assurance Scheme 1978, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. 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.

The University has previously adopted in full accounting standard FRS 17: Retirement Benefits. The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities is recognised in the University's balance sheet as a pension scheme liability. Changes in the defined benefit scheme liability arising from factors other than cash contribution by the University are charged to the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses in accordance with FRS 17.

### **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 they relate to 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.

### **Tangible Fixed Assets**

#### *Land and Buildings*

The University has previously invoked the provisions of FRS15: Tangible Fixed Assets, allowing it to retain Land and Buildings at their book amounts at 1 August 1999, subject to ongoing depreciation provisions. 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 1 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 1 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.

Freehold 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

# Notes to the Accounts

Year ended 31 July 2007

are depreciated from the year in which they are incurred.

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leasehold improvements are depreciated over the life of the lease.

### *Equipment*

Equipment, including 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.

### **Leased Assets**

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

### **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.

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. 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.

### **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.

### **Liquid Resources**

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

### **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 2007

## 2. COUNCIL GRANTS

	2006/07 £000	2005/06 £000
Higher Education Funding Council for Wales		
Recurrent Grants	34371	30342
Specific Grants		
Disability Provision	408	
Higher Education Economic Development	668	767
National Practitioners	481	320
North Wales MAN	201	165
Pay Framework Agreement	105	98
RAE Strategic Support	345	24
Reaching Higher Reaching Wider	485	569
Reconfiguration and Collaboration	910	40
Research Capacity Development	274	354
Science Research Infrastructure	317	224
Teacher Training Strategic Funding	121	146
Teaching and IT	701	772
Welsh for Adults Language Centre	343	
Welsh Medium Development	103	126
Welsh Medium Teaching Fellowships	123	83
Other	422	480
Deferred Capital Grants Released in Year		
Buildings (Note 20)	319	302
Equipment (Note 20)	1166	1210
	<hr/> 41863	<hr/> 36022
Welsh Assembly Government		
Recurrent Grants	1057	1008
Information Systems Committee	49	242
	<hr/> 42969	<hr/> 37272

## 3. TUITION FEES AND EDUCATION CONTRACTS

	2006/07 £000	2005/06 £000
Full-time UK and EU Students	7012	6616
Full-time International Students	4222	3687
Part-time Fees	3666	2750
Research Training Support Grants	233	264
Short Course Fees	335	250
Education Contracts	7816	7772
	<hr/> 23284	<hr/> 21339

# Notes to the Accounts

Year ended 31 July 2007

## 4. RESEARCH GRANTS AND CONTRACTS

	2006/07			2005/06		
	Income £000	Direct Expend- iture £000	Net Contrib- ution £000	Income £000	Direct Expend- iture £000	Net Contrib- ution £000
<b>Colleges</b>						
Arts & Humanities	545	436	109	423	360	63
Business, Social Sciences & Law	356	333	23	356	328	28
Education & Lifelong Learning	325	310	15	439	343	96
Natural Sciences	5198	4338	860	6404	5349	1055
Health & Behavioural Sciences	3519	2884	635	3307	2740	567
Physical & Applied Sciences	2395	1965	430	2644	2172	472
<b>Total Colleges</b>	<b>12338</b>	<b>10266</b>	<b>2072</b>	<b>13573</b>	<b>11292</b>	<b>2281</b>
Administration, Central & Academic Services	101	79	22	235	153	82
<b>Total University &amp; Consolidated</b>	<b>12439</b>	<b>10345</b>	<b>2094</b>	<b>13808</b>	<b>11445</b>	<b>2363</b>
<b>Sources of Research Income</b>						
Research Councils	3542			3639		
UK Based Charities	1159			1270		
UK Central/Local Government & Health/Hospital Trusts	3246			4579		
UK Industry and Commerce	887			489		
EU Government Bodies	3278			3675		
EU Other	54			6		
Other Overseas	156			69		
Other Sources	117			81		
	<b>12439</b>			<b>13808</b>		

Income from Research Grants and Contracts includes Deferred Capital Grants released in the year of £418k (2005/06 £369k).

# Notes to the Accounts

Year ended 31 July 2007

## 5. OTHER INCOME

	2006/07 £000	2005/06 £000
Residences, Catering and Conferences	6349	7145
Other Services Rendered (Note 7)	10035	8974
Health Trusts	593	687
Released from Deferred Capital Grants (Note 20)	239	169
Training Department	1168	1508
Other Income	4247	4230
	<hr/>	<hr/>
	22631	22713

## 6. ENDOWMENT AND INVESTMENT INCOME

	2006/07 £000	2005/06 £000
Income from Specific Endowment Asset Investments (Note 21)	189	208
Income from General Endowment Asset Investments (Note 21)	24	22
Income from Short Term Investments	580	541
Other Interest Receivable	118	118
	<hr/>	<hr/>
Total before Pension Finance Income	911	889
Pension Finance Income (Note 31)	434	316
	<hr/>	<hr/>
	1345	1205

# Notes to the Accounts

Year ended 31 July 2007

## 7. OTHER SERVICES RENDERED

	2006/07			2005/06		
	Income £000	Direct Expend- iture £000	Net Contrib- ution £000	Income £000	Direct Expend- iture £000	Net Contrib- ution £000
<b>Colleges</b>						
Arts & Humanities	647	755	(108)	704	655	49
Business, Social Sciences & Law	173	165	8	152	146	6
Education & Lifelong Learning	38	31	7	87	52	35
Natural Sciences	3076	2791	285	2479	2508	(29)
Health & Behavioural Sciences	1340	1271	69	1481	1190	291
Physical & Applied Sciences	568	450	118	530	388	142
<b>Total Colleges</b>	<b>5842</b>	<b>5463</b>	<b>379</b>	<b>5433</b>	<b>4939</b>	<b>494</b>
Administration, Central & Academic Services	837	717	120	804	588	216
<b>Total University</b>	<b>6679</b>	<b>6180</b>	<b>499</b>	<b>6237</b>	<b>5527</b>	<b>710</b>
BCDD Ltd	318	549	(231)	440	750	(310)
CAST Ltd	1963	1881	82	1215	1176	39
IDB (UWB) Ltd	334	361	(27)	461	480	(19)
NWWMDC Ltd	210	517	(307)	58	559	(501)
Share of Joint Ventures Income	531		531	563		563
<b>Total Consolidated</b>	<b>10035</b>	<b>9488</b>	<b>547</b>	<b>8974</b>	<b>8492</b>	<b>482</b>

Income from Other Services Rendered includes Deferred Capital Grants released in the year of £381k (2005/06 £127k).

# Notes to the Accounts

Year ended 31 July 2007

## 8. STAFF COSTS

	2006/07 £000	2005/06 £000
Staff Costs		
Wages and Salaries	46672	44738
Social Security Costs	3726	3510
Other Pension Costs excluding FRS17 adjustments	5818	4947
FRS17 Pension Costs (Note 31)	293	994
	<u>56509</u>	<u>54189</u>
Restructuring Costs	1643	1931
	<u>58152</u>	<u>56120</u>

Exceptional restructuring costs of £1,643k in 2006/07 include a provision of £447k (2005/06 £277k) in respect of severance arrangements announced before the year end (Note 19).

Emoluments of the Vice-Chancellor	<u>197</u>	<u>177</u>
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The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. Emoluments 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 £23,400 (2005/06 £19,900).

No compensation for loss of office was paid or payable to any former higher paid employees (2005/06 £Nil).

### Staff Numbers by Major Category

	Number	Number As restated
Academic, Academic Related and Research	907	900
Clerical	319	329
Technical	103	104
Others	224	248
	<u>1553</u>	<u>1581</u>

Figures for the prior year have been restated to reflect a common basis of calculation following the implementation of new systems in 2006/07.

Staff numbers are expressed as full time equivalents.

### Analysis of Employees' Emoluments

	Number	Number
£70,001-£80,000	13	17
£80,001-£90,000	7	4
£90,001-£100,000	6	5
£100,001-£110,000	2	1
£110,001-£120,000	1	
£120,001-£130,000	1	1
£140,001-£150,000	1	
£150,001-£160,000	2	2
£170,001-£180,000		1
£190,001-£200,000	1	

# Notes to the Accounts

Year ended 31 July 2007

## 9. OTHER OPERATING EXPENSES

	2006/07 £000	2005/06 £000
Academic Departments	8428	8295
Academic Services	2597	2589
Administration and Central Services	6026	4787
Premises Running Costs	2874	2813
Premises Routine Maintenance	2646	2094
Residences and Catering Operations	2732	2952
Research Grants and Contracts	3703	4363
Services Rendered	4237	3813
Other	427	293
	<b>33670</b>	<b>31999</b>

	2006/07 £000	2005/06 £000
Other Operating Expenses include:		
Grant to University's Students Union	559	541
Auditors' Remuneration (University £39k: 2006 £38k)	55	55
Auditors' Remuneration Non-Audit Services (University £122k: 2006 £50k)	127	56
Internal Audit paid to Third Parties	61	41
Hire of Plant and Machinery – Operating Leases	830	688
Hire of Other Assets – Operating Leases	908	793

## 10. INTEREST PAYABLE

	2006/07 £000	2005/06 £000
Bank Loans and Overdrafts	898	904



# Notes to the Accounts

Year ended 31 July 2007

## 11. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs	Deprec- iation	2006/07 Other Operat- ing Expenses	Interest Payable	Total	2005/06 Total
	£000	£000	£000	£000	£000	£000
Academic Departments (Note 12)	28043	1029	8428		37500	35974
Academic Services	3820	197	2597		6614	6580
Central Administration and Services	5390	125	2332		7847	6947
General Educational	747		2978		3725	2431
Staff and Student Facilities	1028		716	49	1793	1689
Premises	2941	7	5520	314	8782	7759
Residences and Catering Operations	2138	3	2732	524	5397	5613
Buildings Depreciation		2269			2269	2367
Research Grants and Contracts (Note 4)	6274	368	3703		10345	11445
Services Rendered (Note 7)	4824	419	4237	8	9488	8492
Staff Restructuring borne Centrally	1154				1154	1343
Other	1500		427	3	1930	1500
FRS17 Pension Costs (Note 31)	293				293	994
<b>Total per Income &amp; Expenditure Account</b>	<b>58152</b>	<b>4417</b>	<b>33670</b>	<b>898</b>	<b>97137</b>	<b>93134</b>

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 20)	2523
Revaluation Reserve Released (Note 22)	612
General Income	<u>1282</u>
	<u>4417</u>

Staff restructuring costs of £489k (2005/06 £588k) were borne directly by departments.

# Notes to the Accounts

Year ended 31 July 2007

## 12. ACADEMIC DEPARTMENTS

	2006/07				2005/06
	Academic Staff	Non-Academic Staff	Other Expenditure	Total	Total
	£000	£000	£000	£000	£000
<b>Colleges</b>					
Arts & Humanities	3981	377	638	4996	4082
Business, Social Sciences & Law	2871	286	392	3549	3505
Education & Lifelong Learning	3231	456	1306	4993	5295
Natural Sciences	4477	1463	2770	8710	7715
Health & Behavioural Sciences	7672	1234	3394	12300	12458
Physical & Applied Sciences	1659	336	957	2952	2919
<b>Total University &amp; Consolidated</b>	<b>23891</b>	<b>4152</b>	<b>9457</b>	<b>37500</b>	<b>35974</b>

# Notes to the Accounts

Year ended 31 July 2007

## 13. TANGIBLE ASSETS

### Consolidated

	Freehold Land & Buildings £000	Leasehold Improve- ments £000	Equipment £000	Total £000
<u>Valuation/Cost</u>				
At 1 <sup>st</sup> August 2006				
Valuation	73314			73314
Cost	47477	3453	13952	64882
Additions at Cost	6264	5705	3178	15147
Disposals				
Valuation	(5317)			(5317)
Cost	(3879)		(434)	(4313)
At 31 <sup>st</sup> July 2007				
Valuation	67997			67997
Cost	49862	9158	16696	75716
<u>Depreciation</u>				
At 1 <sup>st</sup> August 2006	23748	288	11189	35225
Charge for Year	2193	257	1967	4417
Eliminated on Disposals	(2138)		(426)	(2564)
At 31 <sup>st</sup> July 2007	23803	545	12730	37078
Net Book Value at 31 <sup>st</sup> July 2007	94056	8613	3966	106635
Net Book Value at 1 <sup>st</sup> August 2006	97043	3165	2763	102971
Inherited	5051			5051
Financed by Capital Grant	23261	7465	3129	33855
Other	65744	1148	837	67729
Net Book Value at 31 <sup>st</sup> July 2007	94056	8613	3966	106635

The disposal of Freehold Land and Buildings relates to the impairment of certain buildings together with the disposal of assets owned by the Bangor Centre for Developmental Disabilities Limited.

# Notes to the Accounts

Year ended 31 July 2007

## 13. TANGIBLE ASSETS (Continued)

### University

	Freehold Land & Buildings £000	Leasehold Improve- ments £000	Equipment £000	Total £000
<u>Valuation/Cost</u>				
At 1 <sup>st</sup> August 2006				
Valuation	73314			73314
Cost	44229	639	13163	58031
Additions at Cost	6264		2414	8678
Transfer from Duostore Ltd at Cost	2146			2146
Disposals				
Valuation	(5317)			(5317)
Cost	(3065)		(405)	(3470)
At 31 <sup>st</sup> July 2007				
Valuation	67997			67997
Cost	49574	639	15172	65385
<u>Depreciation</u>				
At 1 <sup>st</sup> August 2006	23111	232	10631	33974
Charge for Year	2184	79	1759	4022
Eliminated on Disposals	(1541)		(405)	(1946)
At 31 <sup>st</sup> July 2007	23754	311	11985	36050
Net Book Value at 31 <sup>st</sup> July 2007	93817	328	3187	97332
Net Book Value at 1 <sup>st</sup> August 2006	94432	407	2532	97371
Inherited	5051			5051
Financed by Capital Grant	23261	294	2616	26171
Other	65505	34	571	66110
Net Book Value at 31 <sup>st</sup> July 2007	93817	328	3187	97332
If Freehold Land and Buildings had not been valued they would have been included in the following amounts:				
Cost	78412			
Aggregate Depreciation based on Cost	15048			
Net Book Value based on Cost at 31 <sup>st</sup> July 2007	63364			

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.

# Notes to the Accounts

Year ended 31 July 2007

## 14. INVESTMENTS

14A. FIXED ASSET INVESTMENTS	<u>Consolidated</u> £000	<u>University</u> £000
<u>Investments at Cost</u>		
At 1 <sup>st</sup> August 2006 and 31 <sup>st</sup> July 2007		
Investment in Subsidiary Companies		4260
Investment in Joint Ventures		112
Loan to Joint Venture	1810	1810
Investment in CVCP Properties Plc	33	33
	<hr/>	<hr/>
Total Cost	1843	6215
<u>Diminution in Value</u>		
At 1 <sup>st</sup> August 2006		(1063)
Provided in Year		<hr/> (2052)
Diminution in Value at 31 July 2007		<hr/> (3115)
Net Investment at 31 <sup>st</sup> July 2007	<hr/> 1843	<hr/> 3100

## 14B. INTEREST IN JOINT VENTURES AND ASSOCIATES

	<u>Consolidated</u>	
	2006/07 £000	2005/06 £000
Share of Net Liabilities at 1 <sup>st</sup> August	(287)	(224)
Share of Surplus/(Deficit) for Year	316	(63)
	<hr/>	<hr/>
Share of Net Assets/(Liabilities) at 31 <sup>st</sup> July	29	(287)

## Notes to the Accounts

Year ended 31 July 2007

### 14. INVESTMENTS (Continued)

#### 14C. INVESTMENTS IN SUBSIDIARY AND JOINT VENTURE UNDERTAKINGS

At the year end, investments in subsidiary and joint venture undertakings comprise:

	<b>% Holding</b>	<b>Share Capital Held</b>	<b>Country of Registration</b>	<b>Nature of Business</b>
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.				
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 on a Joint Venture basis with Vosper Thorneycroft (UK) Limited. The financial year end for VT Ocean Sciences Ltd is 31 March and the consolidated accounts include the annual results based on this year end date.				
Business & Management Education Limited	50%	50 £1 Class A shares	Wales	Distance learning courses
Holding on a Joint Venture basis with the Manchester Business School and acquired at a cost of £62,144.				
Centre for Advanced Software Technology Limited	100%	2 £1 Ordinary shares	Wales	Computer software technology
North West Wales Management Development Centre Limited	100%	1 £1 Ordinary share	Wales	Management development programmes

The University's investment in Bangor Centre for Developmental Disabilities Limited, a wholly owned subsidiary, was sold on the 17 April 2007.

Following the financial year end, the University disposed of its' holding in Business & Management Education Limited to the University of Manchester on 5 October 2007.

# Notes to the Accounts

Year ended 31 July 2007

## 15. ENDOWMENT ASSET INVESTMENTS

### Consolidated and University

	2006/07 £000	2005/06 £000
At 1 <sup>st</sup> August	5264	4767
Additions	562	1100
Disposals	(527)	(1078)
Appreciation on Revaluation	391	282
(Decrease)/Increase in Cash Balances	(121)	193
	<hr/>	<hr/>
At 31 <sup>st</sup> July	5569	5264
	<hr/>	<hr/>
Fixed Interest Stocks	717	524
Equities	4197	3964
Bank Balances	655	776
	<hr/>	<hr/>
	5569	5264
	<hr/>	<hr/>
Fixed Interest Stocks and Equities at Cost	3425	3280
	<hr/>	<hr/>

## 16. DEBTORS

	<u>Consolidated</u>		<u>University</u>	
	2007 £000	2006 £000	2007 £000	2006 £000
Amounts falling due within one year:				
Debtors	7424	4716	5385	3919
Taxation Recoverable	1385			
Prepayments and Accrued Income	4681	6786	4298	6320
Amount due from Joint Venture	156	317	156	317
Prepayment to Joint Venture	50	50	50	50
Amounts due from Subsidiary Undertakings			968	1302
	<hr/>	<hr/>	<hr/>	<hr/>
	13696	11869	10857	11908
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due after one year:				
Prepayments to Joint Venture	678	728	678	728
	<hr/>	<hr/>	<hr/>	<hr/>
	14374	12597	11535	12636
	<hr/>	<hr/>	<hr/>	<hr/>

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 is charged to the Income and Expenditure Account on a straight line basis over the period of the agreement.

# Notes to the Accounts

Year ended 31 July 2007

## 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2007 £000	2006 £000	2007 £000	2006 £000
Mortgages and Unsecured Loans	640	634	640	620
Unsecured Bank Overdrafts	697	119		
Creditors	6858	6535	5654	6398
Social Security and Other Taxation Payable	1566	1414	1479	1383
Accruals	2565	2522	2403	2418
Deferred Income	8374	8652	8221	8328
Amounts due to Joint Ventures	55	145	55	145
Amounts due to Subsidiary Undertakings			190	159
	<b>20755</b>	<b>20021</b>	<b>18642</b>	<b>19451</b>

## 18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2007 £000	2006 £000	2007 £000	2006 £000
Mortgages secured on residential and other property repayable in instalments over periods expiring between 2015 and 2032	15714	13190	12464	13087
Loan received from Subsidiary Undertaking			350	350
	<b>15714</b>	<b>13190</b>	<b>12814</b>	<b>13437</b>
Prepayment received from Subsidiary Undertaking			109	207
	<b>15714</b>	<b>13190</b>	<b>12923</b>	<b>13644</b>
Loans are repayable as follows				
Between one and two years	698	703	698	668
Between two and five years	1566	1511	1566	1496
In five years or more	13450	10976	10550	11273
Total	<b>15714</b>	<b>13190</b>	<b>12814</b>	<b>13437</b>

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. The fixed rate loan bears an interest of 7.3%.



# Notes to the Accounts

Year ended 31 July 2007

## 19. PROVISIONS FOR LIABILITIES AND CHARGES

### Consolidated and University

	Staff Restructuring
	£000
At 1 <sup>st</sup> August 2006	277
Utilised in Year	(277)
Transfer from Income and Expenditure Account	447
	<hr/>
At 31 <sup>st</sup> July 2007	447
	<hr/>

## 20. DEFERRED CAPITAL GRANTS

### Consolidated

	Council Grants	Other Grants & Benefactions	Total
	£000	£000	£000
At 1 <sup>st</sup> August 2006			
Buildings	14125	9269	23394
Equipment	1608	871	2479
Other		2188	2188
		<hr/>	
Total	15733	12328	28061
		<hr/>	
Cash Received			
Buildings	1450	6588	8038
Equipment	1572	845	2417
		<hr/>	
Total	3022	7433	10455
		<hr/>	
Released to Income and Expenditure			
Buildings (Notes 2, 5 and 7)	319	387	706
Equipment (Notes 2, 4 and 7)	1166	601	1767
Other (Note 4)		50	50
		<hr/>	
Total (Note 11)	1485	1038	2523
		<hr/>	
At 31 <sup>st</sup> July 2007			
Buildings	15256	15470	30726
Equipment	2014	1115	3129
Other		2138	2138
		<hr/>	
Total	17270	18723	35993
		<hr/>	

## Notes to the Accounts

Year ended 31 July 2007

### 20. DEFERRED CAPITAL GRANTS (Continued)

#### University

	Council Grants	Other Grants & Benefactions	Total
	£000	£000	£000
At 1 <sup>st</sup> August 2006			
Buildings	14125	6278	20403
Equipment	1608	653	2261
Other		2188	2188
			<hr/>
Total	15733	9119	24852
			<hr/>
Cash Received			
Buildings	1450	2260	3710
Equipment	1572	347	1919
			<hr/>
Total	3022	2607	5629
			<hr/>
Released to Income and Expenditure			
Buildings	319	239	558
Equipment	1166	398	1564
Other		50	50
			<hr/>
Total	1485	687	2172
			<hr/>
At 31 <sup>st</sup> July 2007			
Buildings	15256	8299	23555
Equipment	2014	602	2616
Other		2138	2138
			<hr/>
Total	17270	11039	28309
			<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 2007

## 21. ENDOWMENTS

### Consolidated and University

	Specific £000	General £000	Total £000
At 1 <sup>st</sup> August 2006	4731	533	5264
Appreciation of Endowment Asset Investments	350	41	391
Income for Year	189	24	213
Expenditure for Year	(275)	(24)	(299)
At 31 <sup>st</sup> July 2007	<u>4995</u>	<u>574</u>	<u>5569</u>
Representing:			
Fellowships and Scholarships Funds	1510		1510
Prize Funds	301		301
Other Funds	<u>3184</u>	<u>574</u>	<u>3758</u>
At 31 <sup>st</sup> July 2007	<u>4995</u>	<u>574</u>	<u>5569</u>

## Notes to the Accounts

Year ended 31 July 2007

### 22. REVALUATION RESERVE Consolidated and University

	2006/07 £000	2005/06 £000
<u>Revaluation</u>		
At 1 <sup>st</sup> August and 31 <sup>st</sup> July	45034	45034
<u>Contributions to Depreciation</u>		
At 1 <sup>st</sup> August	(9601)	(8940)
Released in Year (Note 11)	(612)	(661)
At 31 <sup>st</sup> July	(10213)	(9601)
<u>Repayment of Debt Principal</u>		
At 1 <sup>st</sup> August	256	207
Repayments to Local Authorities in Year		49
At 31 <sup>st</sup> July	256	256
<u>Realisation on Disposals</u>		
At 1 <sup>st</sup> August	(2155)	(2155)
Released in Year	(1783)	
At 31 <sup>st</sup> July	(3938)	(2155)
<u>Net Revaluation Amount</u>		
At 31 <sup>st</sup> July	31139	33534

# Notes to the Accounts

Year ended 31 July 2007

## 23. MOVEMENT ON GENERAL RESERVE EXCLUDING PENSION LIABILITY

	<u>Consolidated</u> £000	<u>University</u> £000
Deficit Retained for the Year	(4611)	(4475)
Contributions to Depreciation Released from Revaluation Reserve (Note 22)	612	612
Realisation on Disposal of Fixed Assets (Note 22)	1783	1783
Historical Cost Deficit Retained for the Year	(2216)	(2080)
FRS17 Pension Costs (Note 31)	293	293
Net Return on Pension Scheme Assets	(434)	(434)
At 1 <sup>st</sup> August 2006	35792	36287
At 31 <sup>st</sup> July 2007	<u>33435</u>	<u>34066</u>

## 24. CAPITAL COMMITMENTS

	<u>Consolidated</u>		<u>University</u>	
	2006/07 £000	2005/06 £000	2006/07 £000	2005/06 £000
Commitments authorised and contracted for at 31 <sup>st</sup> July	3034	12900	1108	6278

## 25. RECONCILIATION OF CONSOLIDATED OPERATING (DEFICIT)/SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006/07 £000	2005/06 £000
(Deficit)/Surplus on Continuing Operations after Deprecation of Fixed Assets at Valuation and Disposal of Assets but before share of Joint Ventures Valuation and Associates Deficit	(5013)	778
Depreciation (Note 13)	4417	4111
Deferred Capital Grants Released to Income (Note 20)	(2523)	(2177)
Investment Income (Note 6)	(1345)	(1205)
Loss/(Profit) on Disposal of Fixed Assets	7066	(274)
Interest Payable (Note 10)	898	904
FRS17 Pension Costs (Note 31)	293	994
(Increase)/Decrease in Stocks	(58)	2
Increase in Debtors	(1777)	(1436)
Increase in Creditors	150	3599
Increase/(Decrease) in Provisions	170	(349)
Net Cash Inflow from Operating Activities	<u>2278</u>	<u>4947</u>

# Notes to the Accounts

Year ended 31 July 2007

## 26. FINANCING

	Mortgages & Loans £000
At 1 <sup>st</sup> August 2005	14523
Capital Repayments	<u>(699)</u>
At 31 <sup>st</sup> July 2006	<u>13824</u>
At 1 <sup>st</sup> August 2006	13824
New Loans	3250
Capital Repayments	<u>(720)</u>
Net Amount Acquired in Year	<u>2530</u>
At 31 <sup>st</sup> July 2007	<u>16354</u>

## 27. ANALYSIS OF CHANGES IN CONSOLIDATED NET (DEBT)/FUNDS

	At 1 <sup>st</sup> August £000	Cash Flows £000	Other Changes £000	At 31 <sup>st</sup> July £000
Endowment Asset Investments –				
Cash (Note 15)	776	(121)		655
Cash in Hand and at Bank	1025	3861		4886
Bank Overdrafts	(119)	(578)		(697)
	<u>1682</u>	<u>3162</u>		<u>4844</u>
Short-Term Deposits	12577	(3068)		9509
Debt due within one year	(634)	720	(726)	(640)
Debt due after one year	(13190)	(3250)	726	(15714)
	<u>435</u>	<u>(2436)</u>		<u>(2001)</u>

## 28. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Note	2006/07 £000	2005/06 £000
Income from Endowments	21	213	230
Income from Short term Investments	6	580	541
Other Interest Received	6	118	118
Interest Paid	10	<u>(898)</u>	<u>(904)</u>
		<u>13</u>	<u>(15)</u>

# Notes to the Accounts

Year ended 31 July 2007

## 29. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Note	2006/07 £000	2005/06 £000
Tangible Assets Acquired	13	(15147)	(6926)
Endowment Asset Investments Acquired		(562)	(1100)
Total Fixed and Endowment assets Acquired		(15709)	(8026)
Receipts from Sale of Endowment Assets		527	1078
Receipts from Sale of Fixed Assets			274
Deferred Capital Grants Received	20	10455	5414
Endowments Received	21		196
		(4727)	(1064)

## 30. MANAGEMENT OF LIQUID RESOURCES

	2006/07 £000	2005/06 £000
(Withdrawals)/Additions to Short Term Deposits	(3068)	3143
Movement in Endowment Asset Investments - (Decrease)/Increase in Cash	(121)	193
	(3189)	3336

# Notes to the Accounts

Year ended 31 July 2007

## 31. PENSION SCHEMES

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Wales, Bangor Pension and Assurance Scheme 1978. 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 University of Wales, Bangor 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 Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Ltd.

The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17: Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. 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), 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 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by

2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

At the valuation date, the value of the assets of the scheme was £21,740m and the value of the past service liabilities was £28,308m indicating a deficit of £6,568m. The assets were therefore sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109%, and on a buy-out basis was approximately 84%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution



# Notes to the Accounts

Year ended 31 July 2007

## 31. PENSION SCHEMES (continued)

contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining

participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the institution was £4.114m (2006: £3.837m). This includes £532k (2006: £485k) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

### University of Wales, Bangor Pension and Assurance Scheme 1978

The University operates a defined benefit scheme in the UK, the University of Wales, Bangor Pension and Assurance Scheme

1978. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method.

The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation for which data is available	1 <sup>st</sup> August 2005
Investment returns per annum	5.9%
Salary scale increases per annum	4.5%
Pension increases per annum	2.7%
Market value of assets at dates of last valuation	£50.416 million
Proportion of members accrued benefit covered by the actuarial valuation of the assets	97%

Following the full actuarial valuation at 1<sup>st</sup> August 2005, contributions payable after 1<sup>st</sup> August 2006 expressed as a percentage of pensionable pay have been agreed at the rate of 17.2% (reducing to 16.45% from 1<sup>st</sup>

November 2006) for the employer and 6.35% (increasing to 7.10% from 1<sup>st</sup> November 2006) for the employee. The total pension cost for the University was £1,528k (2006: £920k).

The results of the full actuarial valuation of the fund at 1<sup>st</sup> August 2005 have been projected to 31<sup>st</sup> July 2007, and then recalculated based on the following assumptions:

	At 31 July 2007	At 31 July 2006	At 31 July 2005
Rate of Increase in Salaries	5.10%	4.90%	4.70%
Rate of Increase in Pensions Payment	3.30%	3.10%	2.70%
Discount Rate for Liabilities	5.70%	5.10%	5.00%
Inflation Assumption	3.30%	3.10%	2.70%
Revaluation of Deferred Pensions	3.30%	3.10%	2.70%

# Notes to the Accounts

Year ended 31 July 2007

## 31. PENSION SCHEMES (continued)

The assets in the scheme and the expected rate of return at the year ended 31<sup>st</sup> July were:

	Long Term Rate of Return 2007	Value 2007 £000	Long Term Rate of Return 2006	Value 2006 £000	Long Term Rate of Return 2005	Value 2005 £000
Equities	8.00%	41915	7.50%	39710	7.00%	37683
Bonds	5.25%	18074	4.75%	15547	4.75%	11309
Property	8.00%	3285	7.50%	1714	7.00%	1399
Cash	5.25%	457	4.75%	486	4.50%	25
Annuity Contracts	5.70%	47	5.10%	50		
		<u>63778</u>		<u>57507</u>		<u>50416</u>

The following amounts at 31<sup>st</sup> July were measured in accordance with the requirements of FRS 17:

	2007 £000	2006 £000	2005 £000
Total market Value of Assets	63778	57507	50416
Present Value of Scheme Liabilities	(66147)	(67209)	(58624)
Deficit in the Scheme – Net Pension Liability	<u>(2369)</u>	<u>(9702)</u>	<u>(8208)</u>

Analysis of the amount charged to operating expenditure:

	2007 £000	2006 £000
Current service cost	2243	2025
Past service cost	448	306
Gain on curtailment	(127)	
Contributions	(2271)	(1337)
	<u>293</u>	<u>994</u>

Analysis of the pension finance income/(costs):

	2007 £000	2006 £000
Expected return on pension scheme assets	3875	3264
Interest on pension scheme liabilities	(3441)	(2948)
Net Return	<u>434</u>	<u>316</u>

# Notes to the Accounts

Year ended 31 July 2007

## 31. PENSION SCHEMES (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	2007 £000	2006 £000
Actual return less expected return on pension scheme	2283	4151
Experience gains and losses arising on the scheme liabilities		959
Changes in assumptions underlying the present value of the Scheme liabilities	4909	(5926)
	<u>7192</u>	<u>(816)</u>
Actuarial gain/(loss) recognised in STRGL		

Movement in the scheme's deficit during the year is made up as follows:

	2007 £000	2006 £000
Deficit in scheme at 1 <sup>st</sup> August	(9702)	(8208)
Movement in year:		
Current service costs	(2243)	(2025)
Contributions	2271	1337
Past service cost	(448)	(306)
Other finance income	434	316
Gain on curtailment	127	
Actuarial gain/(loss)	7192	(816)
	<u>(2369)</u>	<u>(9702)</u>
Deficit in scheme at 31 <sup>st</sup> July		

History of experience gains and losses for the year ended 31<sup>st</sup> July were as follows:

	2007 £000	2006 £000	2005 £000	2004 £000	2003 £000
Difference between the expected and actual return on scheme assets:					
Amount (£000s)	2283	4151	6228	788	(636)
Percentage of the scheme assets	4%	7%	12%	2%	(2%)
Experience gains/(losses) on scheme liabilities:					
Amount (£000s)		959			(3249)
Percentage of the present value of the scheme liabilities		1%			(7%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£000s)	7192	(816)	1577	(845)	(7776)
Percentage of the present value of the scheme liabilities	11%	(1%)	3%	(2%)	(17%)

# Notes to the Accounts

Year ended 31 July 2007

## 32. FINANCIAL COMMITMENTS Consolidated and University

At 31<sup>st</sup> July annual commitments under non-cancellable operating leases were as follows:

	2007 £000	2006 £000
<b>Land and buildings</b>		
Expiring within one year	11	1
Expiring between two and five years inclusive	190	197
Expiring in over five years	605	609
<b>Other</b>		
Expiring within one year	6	27
Expiring between two and five year inclusive	253	199
Expiring in over five years	594	597
	<b>1659</b>	<b>1630</b>

## 33. 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.

During the year, Professor R M Jones, Vice-Chancellor, served as a trustee of the St Mary's College Trust, Bangor. During the financial year 2006/07 funding of £52k was received by the University from the St Mary's College Trust, Bangor (2005/06 £49k).

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 £435k (2005/06 £991k) was received from the Trust during the year.

# Notes to the Accounts

Year ended 31 July 2007

## 34. ACCESS AND HARDSHIP FUNDS

	2006/07 £000	2005/06 £000
Balance Unspent at 1 <sup>st</sup> August	9	39
Council Grants	421	428
Interest Earned	3	4
	<hr/>	<hr/>
	433	471
Disbursed to Students	(429)	(462)
	<hr/>	<hr/>
Balance Unspent at 31 <sup>st</sup> July	4	9

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 2007

### FINANCIAL RATIOS

	2006/07	2005/06
	Consolidated	Consolidated
Ratio of Council Grants to Total Income	41.85%	38.69%
Ratio of Home Fees & Education Contracts to Total Income	18.57%	18.32%
Ratio of International Fees to Total Income	4.11%	3.83%
Ratio of Research Income to Total Income	12.12%	14.33%
Ratio of Other Services Rendered Income to Total Income	9.77%	9.32%
Ratio of Historical Cost (Deficit)/Surplus for the year to Total Income	(2.24%)	1.43%
Long-term Liabilities and Provisions to General Reserves Excluding Pension Liability	48.34%	37.63%
Ration of Liquid Assets to Current Liabilities	0.69	0.68
Ratio of Current Assets to Current Liabilities	1.40	1.32
Days of Total Income represented by Debtors	51	48
Days Net Liquid Assets to Total Expenditure	52	53

Total Income includes share of Joint Ventures income.