



PRIFYSGOL
BANGOR
UNIVERSITY

Annual Review & Financial Statements

Year ended 31 July 2019



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INTRODUCTION

2018/19 was a challenging year for the UK's higher education sector.

Throughout this period though, services to students at Bangor continued to be of the highest standard, and the University was particularly proud to see the results of the National Student Survey (NSS) which placed Bangor in the top 10 of UK non-specialist universities for the third year running.

Of all the universities that offer a broad range of subjects, the NSS ranked Bangor 9th in the UK, with an overall satisfaction rate of 88%. This is above the UK average of 84%, and that of Wales at 85%.

There were also significant developments during the year, including the announcement that medical students will be able to complete all of their medical training

in north Wales for the first time as part of a new initiative delivered through the School of Medical Sciences at Bangor University.

Bangor is determined to see medical education grow in north Wales, and this is likely to be the first major step on a journey that will see provision grow significantly over the coming years.

It was also a year of transition as Professor John G Hughes retired as Vice-Chancellor in December, and was succeeded on an interim basis by Professor Graham Upton. The University would like to thank them both for their service.

In May, the University Council appointed Professor Iwan Davies as the University's next Vice-Chancellor. On taking up his post in September 2019, Professor Davies became

only the eighth Vice-Chancellor or Principal in the University's 135 year history.

Following his appointment, Professor Davies outlined his ambitions for Bangor as a strong, confident Civic University which, in addition to servicing Bangor and the region, is also genuinely transformational for Wales and the world.

In this review you will see examples of the varied activities of the University during the year 2018-19 and the full audited accounts.

More information about the University can be found on our website:

www.bangor.ac.uk

HIGHLIGHTS

NEW VC APPOINTED

The Council of Bangor University appointed Professor Iwan Davies FLSW as the University's new Vice-Chancellor. He is only the eighth Vice-Chancellor or Principal in the University's 135 year history.

Professor Davies is a leading authority on international commercial law with a particular interest in asset finance, IP and personal property law.

BANGOR WINS VARSITY

Bangor University won a fifth successive Varsity against Aberystwyth University with a final score of 28-15. The annual event, features a variety of sporting events, including Athletics, Football, Swimming, Equestrian, Tennis, Volleyball, Rugby, Snooker and indoor Rowing.

AU President, Louise Fell, said: "I'm absolutely elated and proud of our Green and Gold Army. There's no better moment for an AU President than this."

NEW BIOTECHNOLOGY RESEARCH CENTRE

The opening of the new Centre for Environmental Biotechnology (CEB) places Bangor University at the cutting edge of research into how unusual microorganisms that live in extreme environments (called "extremophiles") can be used to make industrial processes and products "greener". The CEB facility will provide state-of-the-art equipment and world-leading expertise for identifying and isolating enzymes from extremophiles.

HONORARY FELLOWS

During Graduation Week, Honorary Fellowships were awarded to individuals who have made significant contribution in their chosen field who work in Wales or have a link with the University.

See photos 1-10 on page 5.

UK SCIENCE AND INNOVATION AUDITS

Bangor was the only UK university involved in three major UK Government Science and Innovation Audits, which is testament to the world-class research carried out at the university. The three Audits involving Bangor were: the North West Nuclear Arc Consortium (led by Bangor University with support from Welsh Government, The Dalton Nuclear Institute, NNL and North West England LEPs); the North West Coastal Arc Partnership for Clean and Sustainable Growth, and the South Wales Crucible.

NATIONAL STUDENT HOUSING AWARDS

Bangor University won awards for both the Best Environmental Management and the Best Students Internet in the *National Student Housing Survey Awards*. The Awards are solely based on student feedback from tens of thousands of UK students to the survey compiled by Red Brick Research.

The University was also awarded an International Accommodation Quality Mark. This Quality Mark is awarded to accommodation providers achieving 90% satisfaction or above from international students.

COMMITTING TO BRING PLASTIC POLLUTION TO AN END

As part of the University's on-going commitment to sustainability, Bangor University is one of the signatories of the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation, in collaboration with UN Environment and launched at the 'Our Ocean Conference' in Bali. Bangor University is one of 40 global universities to have made this commitment. The University already works to put sustainability and the wellbeing of future generations at the heart of its teaching, learning, research and innovation.

JMJ URDD SUCCESS

Aelwyd JMJ, the Urdd Aelwyd of Bangor University's Welsh-medium halls of residence, experienced an excellent Eisteddfod yr Urdd, with members claiming victories in the main choral competitions.

The final Saturday is known for its high standards of competition between various aelwydydd and Aelwyd JMJ's presence was clearly felt as they managed to win medals in six of the voice competitions for groups, parties or choirs.

M-SPARC ON WINNING STREAK

M-SParc, a Bangor University company and Wales' first dedicated Science Park, which opened on the 1st of March 2018, won Digital Construction Project of the Year 2018 at the Constructing Excellence National Awards, secured a new contract to establish an Enterprise Hub in partnership with Menter Môn, and organised and hosted the first Energy Summit for North West Wales, celebrating the success of energy companies in the region.

BEST CLUBS AND SOCIETIES IN THE UK

Bangor University was chosen as the best in the UK for its Students' Union Clubs & Societies in the 2019 *WhatUni.com Student Choice Awards*. The University was also placed third in the UK in the Accommodation category and third in the UK for the International award.





IMAGES

1. Dame Elan Closs Stephens DBE
2. President Liao
3. Angela Gardner
4. Dr Rhian Davies
5. Prof Karin Lochte
6. Professor Gareth Wyn Jones
7. Catrin Stevens
8. Judge Meleri Tudur
9. Chris Roberts
10. Edward (Johnny) Johnston
11. Professor Iwan Davies
12. Aelwyd JMJ members at the Urdd National Eisteddfod.
13. AU President Louise Fell and incumbent Henry Williams as Bangor lifted the Varsity trophy for the 5th year in a row.



IMAGES

1. Bangor academics shed light on the impact of adverse experiences during childhood.
2. Precise pollen forecasts that will help millions of asthma and hay fever sufferers are a step closer following research at Bangor University.
3. Wyn Thomas with Professor Pwyll ap Siôn at the launch of *Cydymaith i Gerddoriaeth Cymru*.



RESEARCH

ADVERSE CHILDHOOD EXPERIENCES LAST A LIFETIME

New research shed light on the effect that Adverse Childhood Experiences (ACEs) can have on an individual's achievements and quality of life over the lifespan.

Important work by the University in conjunction with Public Health Wales contributed two important research findings in the course of the last year.

One study published in December revealed that heavier drinkers who had also suffered high levels of ACEs were much more likely to be involved in violence.

The research showed that the link between ACEs, alcohol and violence was especially pronounced in young men (18-29 years), with 62 per cent of those with high levels of ACEs who are heavier drinkers having hit someone in the previous 12 months. This compares to 13.5 per cent in heavier drinkers with no ACEs.

The study of 12,669 adults across England and Wales was published in the medical journal, *BMJ Open*.

Further research revealed in April 2019 that male prisoners were much more likely than men in the wider population to have suffered childhood adversities such as child maltreatment or living in a home with domestic violence.

The report also found that prisoners with multiple ACEs (four or more) were four times more likely to have spent time in a young offender institution than those with no ACEs.

The findings suggests that preventative action and early intervention to tackle Adverse Childhood Experiences could prevent crime and reduce costs for the criminal justice system.

CONTRIBUTING TO TWO LANDMARK TEXTS ON WELSH CULTURE

Staff from the College of Arts, Humanities & Business have contributed to two landmark text books relating to Wales during the last year.

Cydymaith i Gerddoriaeth Cymru ('Companion to the Music of Wales') is an authoritative encyclopedia that covers all aspects of music in Wales from the 6th Century to the present day and is the result of a collaborative project between the School of Music and Media at Bangor University and the Coleg Cymraeg Cenedlaethol.

The book's editors were Professor Pwyll ap Siôn and Wyn Thomas of Bangor University's School of Music and Media. They commissioned and edited over 500 individual entries, ranging from early Welsh music to the contemporary scene, from folk singers to orchestras, from 'Aberjaber' to 'Zabrinski'.

Bangor scholars also contributed to an extensive new volume on the literature of Wales, from its origins to the present day.

The Cambridge History of Welsh Literature (Cambridge University Press, 2019) is described as the "biggest history of Welsh literature ever published" and is a chronological guide to fifteen centuries of Welsh literature and Welsh writing in English.

Expertise from Bangor University's College of Arts, Humanities and Business features prominently in the new volume, with articles by Professor Angharad Price of the School of Welsh and Celtic Studies; Dr Euryrn Roberts, Dr Mari Wiliam and Seán Martin of the School of History, Philosophy and Social Sciences; and Dr Andy Webb of the School of Languages, Literatures and Linguistics. Topics range from 7th Century Britain; portrayals of nationhood in post-war Wales; to the 'culturally bilingual' works of R.S Thomas and Emyr Humphreys.

POLLEN ANALYSIS TO HELP ASTHMA AND HAY FEVER SUFFERERS

Precise pollen forecasts are a step closer for the 25% of the UK population who live with either asthma or hay fever. This follows the first results of a major multi-centre three-year project to analyse airborne grass pollen, led by Professor Simon Creer at the School of Natural Sciences.

Results published in *Nature Ecology & Evolution* revealed that it is not just the overall 'load' of grass pollen in the air that could cause those particularly bad days for asthma and hay fever sufferers. Days which see increased asthma attacks or intense hay fever could be related to the release of pollen from particular grass species.

Current pollen 'counts' and forecasts assess the whole load of pollen in the air. While pollen created by individual tree and weed species can be identified, it has proven virtually impossible to visually identify different grass pollens. For the first time, grass pollens collected over the course of one season have been analysed using metabarcoding, a high-tech method. This enables scientists to automatically identify any fragments of material caught in a sample of air, water or soil by recognising and matching its unique DNA 'barcode'.

The task is now to develop a clearer picture of where the pollen comes from, how it moves through the air and to compare grass pollen releases against datasets on hospital admissions and GP prescriptions for certain pharmaceutical products to identify correlations between healthcare data and increases in particular grass pollens.

EDUCATION

MEDICAL TRAINING COMES TO NORTH WALES

For the first time medical students are now able to complete all of their medical training in north Wales. This follows a new partnership with Cardiff University, which means that students can study the MBBCh Medicine programme (C21) through the School of Medical Sciences at Bangor University.

Medical students have long benefitted from placements in north Wales, and this initiative now enables them to opt to complete their medical training programme entirely in north Wales.

The new partnership is in response to the challenges faced by the health and social care professions in Wales and the need to educate more health professionals both from Wales and in Wales.

It will establish an innovative full-time medicine programme in north Wales, producing excellent doctors prepared for the changing needs of Welsh communities with a deep understanding of north Wales in particular.

Professor Dean Williams, Head of The School of Medical Sciences at Bangor University, said: "Bangor has established itself as a provider of quality teaching and research in life sciences, and the new students will benefit from the teaching and learning our award-winning staff provide.

"The combination of quality scientific teaching at Bangor University and established excellent clinical placements across north Wales will give students an exciting and rewarding learning experience."

£9M EU FUNDS SECURED TO DRIVE BUSINESS GROWTH

Jeremy Miles AM, Counsel General and Brexit Minister, announced that a major research and innovation project that brings together postgraduate students and businesses in Wales is set to expand with more than £9m of additional funds from the European Union.

Led by Bangor University in partnership with other Welsh universities, the Knowledge Economy Skills Scholarships (KESS II) scheme has operated in North, West Wales and the South Wales Valleys over the past three years, and partners businesses with postgraduate research students to develop innovative research aimed at driving business growth.

The additional £9m of EU funds will see the scheme expanded to cover the whole of Wales and will support research collaboration in key sectors of the Welsh economy, including life sciences, advanced engineering and materials, low-carbon energy, ICT and the digital economy.

The expansion will also enable a further 260 postgraduate students to benefit from opportunities to develop as research professionals as part of Research Masters and PhD programmes funded through the scheme.

Jeremy Miles AM, who is responsible for EU funded projects in Wales, said, "It's excellent news that hundreds more businesses will benefit from collaboration with our universities in research and development, and for talented young people looking to develop high-level skills and expertise in Wales.

"This investment will help align research with the needs of small businesses and drive higher level skills in Wales in the coming years. It's another example of how Wales benefits from EU funds, and it's vital that promises to replace this funding are honoured by the UK Government post-Brexit."

Since launching in 2016, the KESS II scheme has already supported research and development collaborations at over 400 businesses in Wales.

RECOGNISING OUTSTANDING TEACHING

Dr Teresa Crew was awarded an Outstanding Teaching in Social Policy Award by the Social Policy Association.

Dr Crew, who is the Year One Coordinator (for Social Sciences) in the School of History, Philosophy & Social Sciences also received a Bangor University Teaching Fellowship during the University's recent degree ceremonies.

Dr Crew commented: "I'm overwhelmed to get these awards as it only feels like a few years ago I was starting my degree at Bangor University. It goes without saying that without my fantastic Social Sciences colleagues I would never have received these awards. I have such great support, but I have to say that it's my experiences with students that make this job so special. They are inquisitive, open to learning and a joy to work with."

Dr Crew was awarded a Fellowship in the Higher Education Academy (FHEA) in 2017. She also worked on a British Sociological Association task and finish group to create a national Applied Sociology curriculum.

Dr Crew's main teaching and research interests focus on social inequalities, higher education and the broad area of gender. She gained her PhD on graduate inequalities in relation to class, gender and place, which was funded by the Economic and Social Research Council, in 2014.



Ysgoloriaethau Sgiliau Economi Gwybodaeth
Knowledge Economy Skills Scholarships

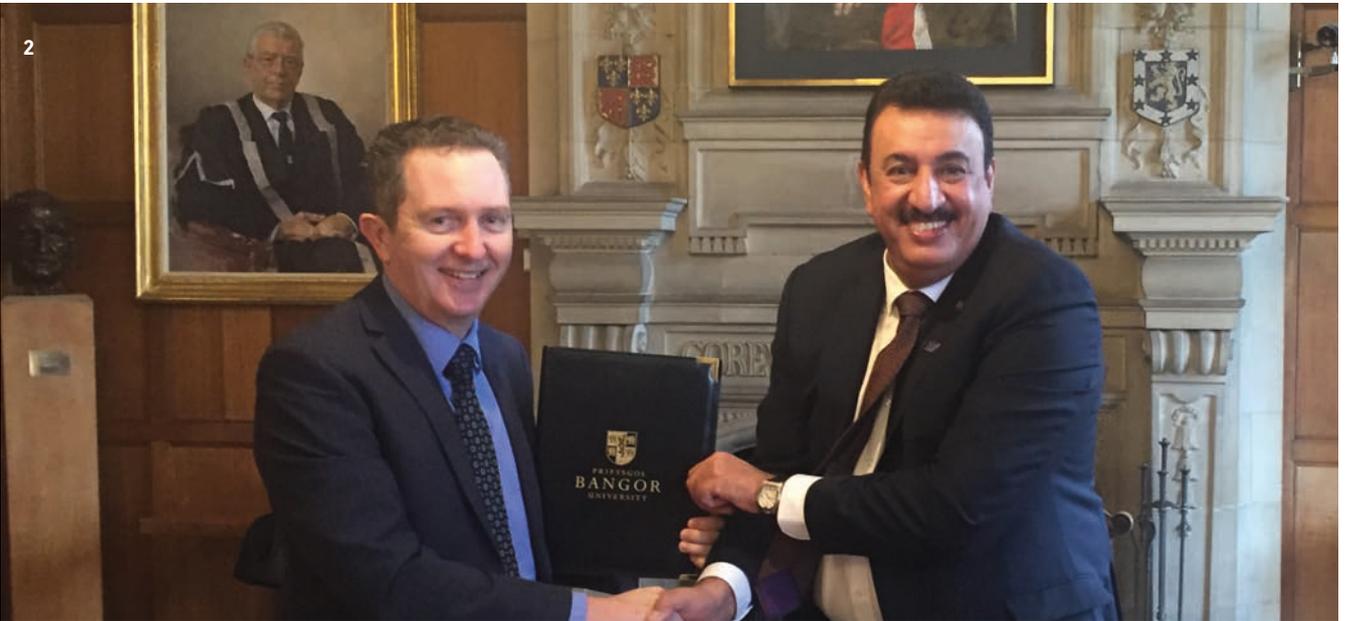
IMAGES

1. Professor Colin Riordan, Vice-Chancellor of Cardiff University (left) and Professor Graham Upton, Interim Vice-Chancellor of Bangor University, launching the new medical training initiative.
2. Dr Teresa Crew, Lecturer in Social Policy, who received a Teaching Fellowship during Graduation Week.

1



2



3



INTERNATIONALISATION

FIRST COHORT OF 'BANGOR UNIVERSITY INTERNATIONAL COLLEGE' STUDENTS GRADUATE

The first cohort of Bangor University International College students graduated from Bangor University in December 2018.

The Bangor University International College was officially launched in November 2017 by Bangor University and Oxford International Education Group. It is an Embedded College on the Bangor University campus, where students undertake the first part of an extended degree programme combining academic, English Language and study skills.

Angharad Thomas, the University's Director of International Recruitment and Development, said:

"This is a key milestone for the partnership and the students' successes is a reflection of this effective joint educational partnership. We have been privileged to be part of these students' personal development who are from diverse international educational backgrounds. We warmly congratulate them on their successes and look forward to staying in contact as they develop their future careers."

Bangor University International College delivers the first stages of the International Incorporated Bachelor's and the International Incorporated Master's programmes in subjects including Business, Management, Finance, Investment Banking, Electronic Engineering, Computer Science, Law, Media, Psychology and Social Sciences. Following successful completion of Part 1 at Bangor University International College, students continue their studies in Part 2 directly at Bangor University.

BAHRAIN EMBASSY VISIT BANGOR

Bangor University were pleased to welcome representatives from the Bahrain Embassy in London, Mr AlManea, Education Counsellor and Mr Emad Fam, Academic Advisor, to Bangor in September.

Bangor University has a long history of partnerships with Bahrain, in particular with the Bahrain Institute of Banking and Finance (BIBF). The Bangor University graduate programme at BIBF is one of the most successful undergraduate programmes in Bahrain.

During an earlier visit in March 2019, an agreement was signed that will continue for a further five years the long-standing, strong and effective partnership between both institutions. This includes the validation of Diploma programmes in Accounting, Banking and Islamic Finance delivered in Bahrain.

A new component of the agreement will enable students on completion of the Diploma in Bahrain to either progress onto a Bangor validated degree in Bahrain, or transfer to Bangor Business School to complete the degree in either Accounting and Finance or Banking and Finance.

The Bahrain Institute of Banking and Finance provides education and training for the banking and finance sector in Bahrain. Its board of directors is comprised of the Governor of the Central Bank of Bahrain and chairpersons and CEOs of banking and finance organisations.

ONE WORLD GALA

Bangor University held its annual One World Gala concert in March, where students and performers from the local community showcased their particular cultures via song, dance and instrumentals.

Twenty performances by students from China, Japan, Singapore, Africa, Vietnam, India, Indonesia, South Korea and Wales took part in, what has become, a lively and colourful annual celebration of diversity at Bangor.

The University's main hall was full with students, staff and members of the local community, who all enjoyed the evening and raised nearly £700 for a local charity.

The One World Gala is an annual event organised by the International Student Support Office to celebrate and promote the cultural diversity at Bangor University and the local community, it gives students from all over the world an opportunity to showcase their cultural and traditional identities to other students and residents of Bangor.

Angharad Thomas, Director of International Recruitment and Development, said;

"The One World Gala has become an established highlight within the University social calendar. It never fails to demonstrate the talent amongst our international students, and the pride they have in their various national cultures. The range of songs, dances and instrumentals demonstrate the diversity we have here at Bangor University and reminds us how important it is for us to celebrate and embrace each other's cultures particularly at times of turmoil elsewhere in the world."

IMAGES

1. A few of the first cohort of Bangor University International College students graduating from Bangor in December 2018.
2. Professor Oliver Turnbull, Pro Vice-Chancellor and Dr Ahmed Al Shaikh, Director of Bahrain Institute of Banking and Finance during a visit to Bangor.
3. International students performing at the One World Gala.

WELSH MEDIUM

A BURST OF CREATIVITY – SIX BOOKS PUBLISHED IN THREE MONTHS!

Staff and students at the School of Welsh and Celtic Studies have had a total of six books published, adding to the School's long-established reputation in the field of creative writing.

Sian Northey's short story collection, *Celwydd Oll*, was launched and featured finely-observed tales of individuals caught up in history. Sian was awarded a PhD from Bangor University in Creative Writing in 2018.

Ruth Richards, a PhD candidate at the School of Welsh, published her second novel, *Siani Flewog*. The novel tells the story of the 5th Marquis of Anglesey.

Eira Llwyd is Gareth Evans-Jones' debut work of fiction and focusses on the harrowing experiences of a group of Jews during the Holocaust. After gaining BA, MA and PhD degrees at the School of Welsh and Celtic Studies, Gareth was recently appointed to a lectureship in Religion and Philosophy at the School of History, Philosophy and Social Sciences.

Mared Lewis, MA student, is a well-known and highly-regarded author. In November, she published her second novel for Welsh learners as part of Gwasg Gomer press' 'Amdani' series. *Llwybrau Cul* is a tale of mystery and secrets set in rural Wales.

Professor Gerwyn Williams published his latest volume of poetry, *Cardiau Post* and Professor Jerry Hunter published his latest novel, *Ynys Fadog*.

Reacting to this flurry of publications, Professor Angharad Price, Head of the School of Welsh and Celtic Studies and the lead on many of the School's Creative Writing modules, said:

"It's wonderful to be able to discuss Welsh literature in our lectures and seminars and then add to that tradition via our own creative endeavours."

SHARING WELSH LANGUAGE TECHNOLOGIES WITH THE WORLD

Academic researchers, local developers and representatives from some of the digital sector's most prominent companies met to discuss and share best practice in the field of language technologies, at the Technology and Welsh Language Conference 2019. This was the third annual conference held by the Language Technologies Unit at Canolfan Bedwyr, Bangor University's Centre for Welsh Language Services, Research and Technology.

The conference was opened by Welsh Government Minister for International Relations and the Welsh Language, Eluned Morgan AM, who presented to delegates the Welsh Government's Welsh Language Technology Action Plan. This ambitious plan aims to ensure the full use of technology in the Government's aim of having a million Welsh speakers by 2050.

In addition to discussing the Action Plan, workshops and roundtable discussions centred on themes such as the use of digital strategies in language regeneration, Welsh language speech-recognition technology and how language technologies can be vehicles for economic development. In addition, attention was given to other minority languages and technology's place in the health of those languages.

Assessing the impact of the 2019 conference, Head of the Language Technologies Unit, Delyth Prys, said:

"Welsh is a member of a family of small languages across the world that are keen to succeed in this new technological and digital age and opportunities such as this, to share ideas and innovative developments, are important for us all. With support from the Welsh Government, Wales is at the forefront in using language technologies to revive and protect the Welsh language and we're pleased to be able to share these developments with the wider international community."

MUSIC SET TO BRING COMFORT TO WELSH SPEAKERS LIVING WITH DEMENTIA

Welsh speakers living with dementia can now enjoy songs from their past in Welsh, thanks to a Bangor University and Merched y Wawr initiative supported by the Welsh Government to help care givers across Wales improve their quality of life.

As part of the initiative, many care homes across Wales have been provided with a new CD, *Cân y Gân*, and a playlist of specially-curated Welsh language music.

The collection of songs is the result of work by Music graduate, Alister O'Mahoney, as part of his internship with Dr Catrin Hedd Jones.

According to researchers from Bangor University, music can ease depression and apathy and contribute to an improved quality of life for individuals living with dementia. Although many care-givers recognise this, the majority of musical activities at care homes take place through the medium of English, which can result in lost opportunities for residents with strong memories linked to Welsh-language music.

The 20-track disc, which is also available to download, contains music from across several decades. It's a collaboration between Bangor University, Merched y Wawr, the Centre for Ageing and Dementia Research, Sain Records and Dydd Miwsig Cymru / Welsh Language Music Day.

Vaughan Gething AM, Minister for Health and Social Services, said:

"I welcome this valuable resource which will help Welsh speakers with dementia feel at ease. Through our *More than just words...* framework, the Welsh Government recognises the importance of providing health and social care services in Welsh. Care and language go hand in hand and communicating with people in their first language is a key component in the delivery of quality care."

Bangor University is the leading provider of higher education through the medium of Welsh and is also the sector's standard-bearer for Welsh Language services and support.

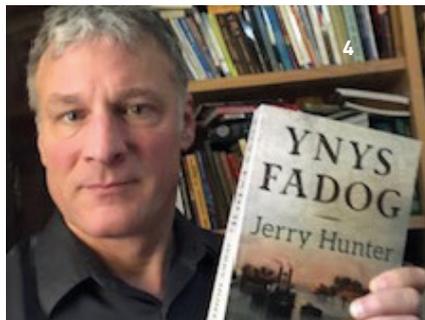
Almost half of all students studying a degree through the medium of Welsh do so at Bangor, and more credits are studied through the medium of Welsh at Bangor than any other University.

It is now possible to study elements of every academic subject on offer at Bangor in Welsh – from single modules to full degree programmes. In addition, the largest number of lecturers teaching through the medium of Welsh is to be found here.



IMAGES

1. Alistair O'Mahoney who worked on the *Cân y Gân* CD
2. *Cân y Gân* CD launch with Dr Catrin Hedd Jones from Bangor University (far right) and Merched y Wawr members and National Director, Tegwen Morris (4th from the right)
3. Dr Siân Northey
4. Prof Jerry Hunter
5. Mared Lewis
6. Dr Gareth Evans-Jones
7. Prof Gerwyn Williams
8. Ruth Richards





IMAGES

1. Staff, students and the local community join together at a Climate rally
2. Dr Daniel Roberts leading an outreach workshop
3. Participants at the Routes Cymru Language Feast



COMMUNITY

DECLARING A CLIMATE EMERGENCY

Bangor University has joined many organisations around the world that have declared a climate emergency. It has called for urgent action to be taken in order to tackle climate change.

The University, which is ranked eighth in the world for its commitment to sustainability according to an international league table of environmentally friendly institutions (UI Green Metric), called on Governments around the world to respond as a matter of urgency to the imminent threat posed by the global climate crisis.

Pro Vice-Chancellor for Research, Professor David Thomas, a leading expert in ocean sciences and the environment, said:

“We very much support those calling for action to deal with the climate emergency. At Bangor, we have some of the world’s best scientists carrying environment research on land and in the oceans. Collectively, as a group we are rightly challenged to address the issues pertinent to society in a changing climate.

“As a scientist who has regularly worked in the Arctic regions, I’ve seen for myself the dramatic changes taking place in the past decade. There can be no doubt that the situation has reached a critical point.

“Not only are students and young people concerned about the environment, but they have succeeded in raising the public’s awareness and we are proud to support them by declaring a climate emergency,” added Professor Thomas.

Mark Barrow, President of Undeb Bangor said: “I’m very grateful to the University for showing their support, because climate change is a matter of huge concern to students at Bangor.

“Many of my fellow students at the University are seeing for themselves the destruction that’s being caused around the world as a result of the droughts and storms that have resulted from climate change. Urgent action is necessary to prevent the situation from deteriorating even further.”

ROYAL ACADEMY GRANT FOR THE ‘PHOTO-ELECTRIC LIGHT ORCHESTRA’

An innovative outreach project delivered by the School of Computer Science and Electronic Engineering in partnership with the University’s Widening Access Centre secured a £30,000 grant from the Royal Academy of Engineering as part of its *Ingenious* scheme – a programme that seeks to engage the public with engineering.

The ‘Photo-Electric Light Orchestra’ project will inspire children aged between 9-13 in the region to design their own musical instruments by implementing coding skills and by utilising photonics, the study of light in technology, to create a music score that will be performed at Pontio, the University’s Arts and Innovation Centre at the final stage of the project in 2020.

Led by Dr Daniel Roberts, a Coleg Cymraeg Cenedlaethol Lecturer in Electronic Engineering at the School, the project will be delivered to pupils from 8 mainstream and special schools in the region and will consist in the first stage of teaching coding skills in order to design and 3D-print innovative musical instruments. Then, by using the power of light by means of lasers or LEDs, musical notes will be produced that will ultimately be added to the composition of the ‘orchestra’ and its unique score.

The Royal Academy of Engineering’s *Ingenious* project has funded over 200 projects to date, providing opportunities for close to 6,000 engineers to take part in public engagement activities, to gain skills in communication and to help bring engineering to the very centre of society.

The project was launched on the University’s exhibition stand at the National Eisteddfod in August.

A TASTE OF LANGUAGE

Routes Cymru’s Language Feast 2019 was hosted by Bangor University, and run with the support of several Student Language Ambassadors from the University and a group of year 8 Pupil Language Ambassadors from Ysgol Friars. Four primary schools from the north Wales area took part in the event (Ysgol Sarn Bach, St. Brigid’s School, Ysgol Abererch and Ysgol Tudweiliog) and seventy-four pupils from years five and six feasted themselves of the activities on offer throughout the day.

The event was themed around a restaurant experience, each workshop was either starter, main or desert and the volunteers on the day were dressed as chefs and waiters, guiding ‘customers’ to their ‘tables’.

On the menu for the day were taster sessions in French, German, Mandarin and Spanish, classes which explored foreign cultures such as the Chinese calligraphy session run by members of the Confucius Institute and even seminars which explored the wider impact of learning modern languages, for example ‘A world of opportunities’ session run by British Council Wales.

‘Routes into Languages Cymru’ is a pupil-focused project which aims to increase the number of young people learning modern foreign languages.

Rubén Chapela-Orri, of the School of Languages, Literatures & Linguistics and the Routes Cymru Coordinator in north Wales, said: “It is key that pupils in Wales realise the potential of learning about languages and cultures at an early age, especially now that the new curriculum for Wales is to be implemented. It’s an inspiration to us all to see how eager to become global citizens they are!”

KEY FACTS

Bangor University has over **11,000 students** from over **70 different countries**. This makes us a truly international university. **2,000 students** from outside the UK studied at Bangor in 2018/19.



92% of our graduates are in employment or further study within 6 months of completing their degrees.



The most recent Research Excellence Framework ranked **75% of Bangor's research as either world-leading or internationally-excellent.**



We have reduced our carbon emissions by more than 48% since 2010 and 100% of the electricity we use comes from guaranteed renewable sources.



We have a **postgraduate** community of over **2,500 students**.



Over **2,000 members of staff**, with two-thirds of our academics also active researchers.

Today, Bangor University runs grants worth **£84.5m**, having **increased our research income by 24%** since 2015/16.

Bangor University has featured in the **Top 10 in the UK for Student Satisfaction** every year since 2016.



The only university in Wales with **4* accommodation and Conference Centre** linked with its Business School.



Won the Best Clubs and Societies Award at the 2019 WhatUni Student Choice Awards, taking home this title for the third year running.



Awarded a Gold standard in the UK Government's Teaching Excellence Framework, meaning that our teaching is of the highest quality found in the UK.

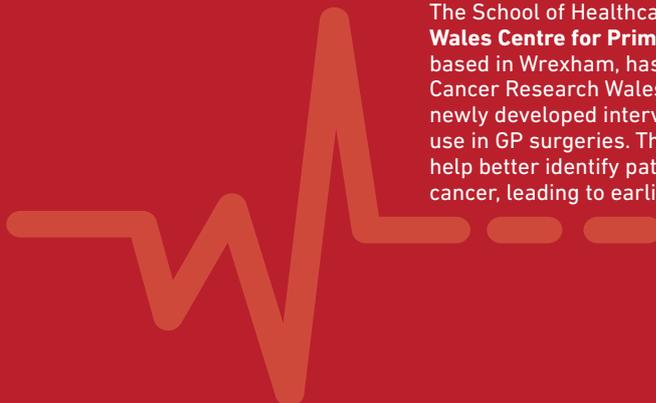
The **Smart Efficient Energy Centre (SEEC)** is an interdisciplinary £7m 'big data' research centre that is addressing priorities in low-carbon energy science.

Bangor University leads and manages **SEACAMS2, a £17m project** that supports the commercial application of research in marine energy, climate change resilience and sustainable use of marine resources in Wales.

Pontio, our £50m Arts and Innovation Centre,

showcases the best of local and international culture in its performance spaces and cinema, and was recently the venue for the International Celtic Conference. It also houses Pontio Innovation and its dedicated maker-spaces and FABLabs, giving the local population access to cutting-edge technology, expertise and specialist hardware.

The School of Healthcare Sciences' **North Wales Centre for Primary Care Research**, based in Wrexham, has recently received Cancer Research Wales funding to trial a newly developed interventional tool kit for use in GP surgeries. This is designed to help better identify patients likely to have cancer, leading to earlier diagnosis.



44%

of our staff are fluent Welsh speakers, with another 25% possessing some Welsh-language ability. We regularly deliver 'Welsh in the Workplace' courses to around 130 staff members every year, delivered by a dedicated team of full-time tutors.

50% OF ALL THE STUDENTS IN WALES STUDYING AT LEAST 80 CREDITS OF THEIR COURSES THROUGH THE MEDIUM OF WELSH DO SO AT BANGOR.



Our Language Technologies Unit's bilingual dictionary app, 'Ap Geiriaduron', has had

150,000+ DOWNLOADS.

OUR ACTIVITIES SUPPORT ALMOST 3000 JOBS IN GWYNEDD ALONE, WITH A FURTHER 400 ON ANGLESEY.



We are a key partner in the **North Wales Growth Deal**, with projects totalling £27m that will develop the digital infrastructure of North Wales and set the **post-carbon agenda** for Wales and the UK.



We have an embedded college on campus offering degree pathway programmes for international students, a **joint-campus in China** and major partnership projects in **Bahrain, Singapore, Malaysia and Uzbekistan**, as well as a network of international students studying through blended and distance-learning programmes.

中文

The Confucius Institute

at Bangor University is an international collaboration between Bangor University, the China University of Political Science and Law (CUPL) in Beijing, and the Office of Chinese Language Council International (Hanban). It is a multi-disciplinary centre that aims to provide the people of north Wales with the opportunity to experience and learn more about Chinese culture and language.

Bangor has been called 'the most Welsh university and the **most international in its outlook**'.



Our International Experience Programme gives our students up to a year abroad on top of their degree, exposing them to different cultures and languages and giving them further opportunities to develop new skills and broaden their horizons – all of which add to their employability as Bangor graduates.



Latest HESA data shows that Bangor delivered over **48,000** learner days of CPD – 20% of the Welsh total.

The **Quality Assurance Agency** praised the way in which bilingualism is embedded into all of the University's activities and has a positive influence on student experience.



1/3

We reduced our energy-related carbon emissions by

32% in the last 5 years.



95% of full-time undergraduates retained – outperforming the Wales and the UK average 4 years in a row.



14.5% of young full-time undergraduate entrants were from low participation neighbourhoods – **higher than the Wales and UK averages.**

Financial Statements

Year ended 31 July 2019



STRATEGIC REVIEW



OUR MISSION

A strong, confident institution recognised regionally, nationally and internationally as a centre of excellence for its varied portfolio of teaching and research, and for the unique, multicultural, inclusive experience, it provides for its staff and students.

THE UNIVERSITY IN CONTEXT

Bangor University continues to excel at a time when the environment for Higher Education in Wales and the UK is challenging. We are committed to building on recent successes, working with diverse and distinctive communities to deliver “the best we can be”, in terms of teaching, scholarship and research, retaining our strong emphasis on a distinctive and valued student contribution and remaining true to our unique bilingual and cultural context.

Sustained improvements in student satisfaction and teaching standards have resulted in the securing of a top 15 position for six consecutive years in the 2019 National Student Survey. These are complemented by a number of notable successes in the *WhatUni.com* Awards in 2019.

In Research, the major contribution we make to improving healthcare and wellbeing, bilingualism, and protecting the environment, makes it clear that the research carried out by Bangor University academics is having a positive impact on the economy and the lives of people around the world.

Looking forward to REF 2021, we continue to build on our research excellence, to deliver an environment where the research community can thrive, supporting the existing areas of research strength, nurturing new research areas across all disciplines, and underpinning the research-informed teaching that is the foundation of our distinctive, high-quality teaching and student experience. We will work with businesses, governments and alumni to ensure that Bangor University maintains relevance to their needs and the needs of emerging markets, ensuring that we maximise our positive net contribution to the local and regional economy.

We are continuing to formulate an optimal strategy for our estate, which is backed by funding from the European Investment Bank. We have recently invested in a number of new developments, covering student accommodation as well as teaching, research and community engagement spaces. These range from new builds through to those within the main historic University building, to ensure that future generations of students benefit from excellent academic facilities and a world-class student experience.

The University remains committed to the formation of beneficial strategic relationships in the region. In particular, the further strengthening of the relationship with the Betsi Cadwaladr University Health Board as a platform for building increased collaborative strength in health and medical-related research and education.

STRATEGIC PLAN 2015 - 2020

The University's strategic plan for the period 2015-2020 set out a strategic direction for Bangor University as a confident and successful University, able to think differently to identify challenges, risks and opportunities for all areas of our business. Work is underway now to refresh this, to accommodate the next phase in the University's development and will be launched in 2020.

VISION

To be a leading University with an international reputation for teaching and research, while fostering the intellectual and personal development of our students and staff, providing a supportive multicultural environment, promoting widening access and inclusiveness, and ensuring that our activities result in environmental benefit and social progress within a resilient economy.

We aim to become, in all aspects, 'the Sustainable University'. Our ambition embraces not only the infrastructure and operation of University sites, but also how the University plans for growth as well as our role for Wales and beyond.

STUDENT RECRUITMENT

Student recruitment continues to be a very competitive market, with no real cap on numbers for English or Welsh Higher Education Institutions. With a backcloth of relatively stable numbers over the preceding 7 or 8 years, we were expecting a similar level of recruitment in September 2018, despite a modest reduction in applications we had received. In the event, we fell somewhat short of our expectations for home/EU Undergraduates as well as International students, primarily Postgraduates. This shortfall also fed through into lower occupancy in the University operated halls, further reducing overall income for the year. These shortfalls were partially offset by increased numbers in the range of healthcare programmes we operate under agreements with the Welsh Government.

Funding for teaching and the fees paid by undergraduate students has changed from September 2018, with a loan based system now in place for Welsh and English undergraduates, whilst all Welsh undergraduates also benefit from a means-tested Maintenance Grant of a minimum of £1,000 up to a maximum of just over £10,000.

In response to this new market-place, student mobility across borders has increased and all UK institutions have increased their marketing and conversion activity. We continue to monitor and innovate our marketing and will further develop traditional and contemporary programmes in areas for which there is student or employer demand, both locally and globally, to ensure that Bangor University remains competitive in the new market.

A fee plan has been agreed by HEFCW including a fee of £9,000 for Home Undergraduate and PGCE students for the years through to 2020/21. The fee plan includes an increasing number of investments to support widening access, the student experience, Welsh medium and employability, including providing free access to all sports clubs, societies and volunteering activities in the Students' Union, and enhanced library and sporting provision. These investments equate to around £1,500 per student and will ensure continued high satisfaction for all Bangor's students. The 88% overall satisfaction recorded in the 2019 National Student Survey maintains recent achievements and places us 9th in the 120+ non-specialist institutions in the UK.

Increasing numbers of postgraduate and international students is also important, and we will ensure our offering of courses is both sustainable and attractive, building on our unrivalled student experience, and strengthening the brand of the University at home and overseas. The development of closer links with a number of our international partners, as well as the continued development of Bangor College China, are key steps in the development of a continued flow of students to the UK as well as widening the footprint of our teaching and student base.

CAPITAL DEVELOPMENTS

A review of our Estates Strategy is currently underway, to ensure we have the capacity and capability to effectively accommodate a wide range of teaching and research across a broad portfolio of disciplines. This will factor-in emerging and projected trends in teaching and learning workspaces and environments, also taking into account the need for social learning spaces alongside more formal teaching rooms.

A core element of our Estate plans will be to ensure we embed sustainability into any new build projects from the outset. This approach will complement the current ReFit Cymru programme that is approaching completion. This project has involved extensive planning in order to identify energy efficiency opportunities in around 30 buildings across our Bangor estate that will give a guaranteed return on the investment cost within 8 years. All energy saved past this point will contribute to our targets for continued reduction in our carbon footprint, which has been falling steadily for a number of years now.

Our major investment in 2017/18 was the completion and opening of the £20m Menai Science Park at Gaerwen on Angelsey, supported by capital grant funding from the Welsh Government and EU structural funds. The project, on a 15-acre site, provides state of the art facilities to start-up and expanding local businesses as well as large corporates, with a focus on those supporting low-carbon and related markets. Construction was completed to programme and budget, with the first anniversary celebrated on St David's Day, 1st March 2019; at this point the building was running at 70% occupancy level, and has already made a significant contribution to both the local economy, as well the learning and work experience of many of our students.

PRINCIPAL RISKS AND UNCERTAINTIES

The University recognises that there are inherent risks and uncertainties associated with many aspects of its operations. It aims to identify, manage and mitigate those risks wherever possible and promotes a culture of active risk management throughout the University. The institutional risk register is formally reviewed by the Risk Management Task Group and Executive regularly, and reported periodically to the Audit and Risk Committee. This process, along with other considerations, informs the internal audit plan for the forthcoming year, as well as enabling assurance to be provided by the Audit & risk Committee to Council via its Annual Report.

Among the key risks of particular significance at present for the University are:

- The impact of 'Brexit' on future levels of research funding, grant collaboration and student recruitment/exchanges as well as the future status of staff who are EU nationals;
- Inability to sustain the financial health of the institution, and to maintain liquidity, at a time of significant economic constraints and heightened competition.
- Inadequate response to an increasingly competitive market, including our ability to achieve student recruitment forecasts, in light of potential reforms to student funding and the increase in marketing investment by competing institutions; and
- The potential impact of the continued escalation is the cost of providing Defined Benefit pensions and in the case of USS servicing the significant deficit. Whilst a lower Recovery Plan has been agreed post year-end, it will be subject to ongoing pressure from market movements ahead of the next schedule Valuation.

Other risks, which the University actively manages on an ongoing basis, include:

- Ensuring that the University estate is compliant and fit for purpose;
- Ensuring compliance with legislation and regulations e.g. data security, visa regulations;
- Ensuring continued maintenance of a high-quality student experience; and
- Ensuring bank loan covenants are met.



OPERATING PERFORMANCE - YEAR ENDED 31 JULY 2019

As previously outlined, the reported operating deficit for the year of £20.1m is not representative of factors under management control. In fact, the approach of simply taking EBITDA (Earnings before interest, tax, depreciation and amortisation) or Net Surplus/Deficit as comparable measures of financial performance has been markedly reduced under FRS102. These measures can be materially influenced by balance sheet date valuation driven data, as well as receipts such as capital grants that the University would not consider as reflective of recurrent performance.

The University has therefore adopted an additional measure of financial sustainability, based on adjusting results for the non-recurring annual movements, in line with a methodology developed for use across the Higher Education (HE) sector. The adopted measure is based on EBITDA, but is then subject to the elimination of the impact of non-recurrent impacts present in the published figures; this allows a more realistic and meaningful comparison of underlying performance between years, or indeed organisations.

The table below outlines the results arising under the 'HE Adjusted EBITDA' methodology:

	2018/19 £m	2017/18 £m	Change £m
Surplus/ (Deficit) pre Tax	(19.8)	19.9	(39.7)
<i>Add back</i>			
Depreciation	12.6	12.5	0.1
Interest	5.7	5.9	(0.2)
EBITDA	(1.8)	38.3	(39.9)
<i>Adjustments</i>			
Investments and disposal of fixed asset gains & JV	(0.2)	(0.3)	0.1
Pension Adjustment	18.8	(1.0)	19.8
Capital grants	(2.2)	(20.8)	18.6
New endowments	-	(0.2)	0.2
Restructuring costs	1.4	(1.0)	2.4
Adjusted EBITDA	16.1	15.0	(1.1)

The 2018/19 HE Adjusted EBITDA of £16.1m represents a positive outcome in a challenging year, and slightly up on last year's reported £15m, on a comparable basis. This reflects a further small step in the movement towards an interim target of £20m and was a particularly creditable achievement in the light of the £4.5m Fee Income reduction mentioned earlier. It is acknowledged however that substantial work remains to be done to move into a position of long-term financial sustainability.

Looking at the c£18.5m income decrease between years, the main issues were Fee Income as discussed above and the large capital grant release last year of £17m not being repeated. Other income lines were broadly flat, although there was a small increase in HEFCW funding as the move to a revised loan/grant funding structure for Welsh students starts to be reflected in the 'Diamond Dividend'. Research Income was very stable, both in overall quantum and source of funding. The margin on Research Grants and Contracts was significantly reduced this year, once the impact of capital grants is considered, reflecting the continued pressures on funders to restrict recovery of direct costs and institutional overhead/support costs.

In respect of costs, there was a small underlying decrease in recurrent pay costs (from £82.7m to £81.6m), resulting from a lower staffing level of 1,667 fte this year against 1,685 fte in 2017/18. This drop reflects the outcome of the further organisational changes implemented during the year, as does the cost of £1.35m incurred in respect of the restructuring. Total Staff costs include the substantial rise in pension provisions discussed later, these have been shown separately to avoid distorting the comparative figures, and the adjusting element has been omitted from the staff cost % ratio metric shown within our KPIs; this has moved marginally down from 57.4% to 56.6% this year.

Non-pay costs remain tightly controlled whilst depreciation costs went up marginally as a result of continuing investment in equipment and infrastructure feeding through.

Having seen marginal improvement in underlying operating performance, it is disappointing that substantial additional costs have had to be recognised in respect of both the Defined Benefit pension schemes we operate within the 2018/19 financial year. In the case of USS (see below) this reflects the final outcome of the 2017 Valuation that was signed-off by the Trustee and employers in January 2019. In the case of the local BUPAS pension scheme, the increase relates to the previously disclosed outcome of a legal case relating to the way its liability under the Guaranteed Minimum Pension (GMP) provisions has to be re-assessed. This results in an increase of £1.2m in BUPAS scheme liabilities that is charged in the year, but then reversed at the bottom of the SOCI as the scheme remains in the position of having an unrecognised FRS102 surplus that has effectively absorbed this increase.

There are relatively few noteworthy issues in relation to the Balance Sheet. Capital expenditure this year has been limited, only partially offsetting the depreciation charge, thus explaining the reduction in non-current assets. An improvement is evident in net current assets due to reduced creditors & accruals despite a slight drop in overall closing cash balances (after allowing for some cash being held as Investments in over three month deposits at the year end). Repayment of over £5m of debt has been offset by a new interest-free Salix loan for energy improvement work undertaken over the last 18 months. There has been a large increase in the size of the USS pension provision, up from £12.5m to just over £30m as a result of the 2017 Valuation, as explained further below. Overall net assets close the year at £219m, down from £238m, due almost entirely to the movement in the pension provision. Finally, in relation to cash flow, the operational cash generation this year is marginally down on last year, reflecting the movement in working capital outlined later in this report.

PENSION SCHEMES

The 2017 Triennial valuation of the 'Bangor University Pension & Assurance Scheme' (BUPAS) was completed in 2017/18, and a new Schedule of Contributions agreed with the Trustees in July 2018. The figures underlying that valuation have provided the basis for the 31 July 2019 valuation figures included in these accounts. As noted last year, on an FRS102 basis the scheme moved into surplus at July 2018, and this remains so in 2019, albeit with a small reduction in the size of the unrecognised deficit from £9.6m to £6.6m after absorbing the £1.2m new allowance for GMP liabilities, arising from the recent legal ruling on that issue. Looking at funding level, this has moved from around 107% at the start of the year down to 104% at the end. This reflects the continuing above planned returns on growth assets of £14.5m, mitigating most of the increases in total liabilities of £17.6m, thanks to the very effective LDI hedging strategy adopted by the Trustees. On a less positive note, the cost of future accrual of benefits within the scheme continue to escalate to historic highs, due to market factors.

It has been a major concern for both the University and the sector alike that the national scheme for academic and related staff (USS) has faced increasing deficits over recent years. As identified in last year's report, however, the funding at March 2018 had improved from 77% to 88% on an FRS102 basis. In order to allow sign-off of the 2017 Valuation, it was agreed a further Valuation would be produced based on 2018 data, including the adoption of some changes in assumptions and methodology that had been identified in the report of the Joint Expert Panel (JEP) who had been jointly commissioned by the Employers and Trades Unions to assess the methodology the Trustees had adopted to get the 2017 figures. It was in January 2019 when the final Schedule of Contributions, plus associated Deficit Recovery Plan were finalised for the 2017 Valuation outcome and these figures became effective from 1 April 2019, resulting in increased employer and staff contributions.

This basis was also therefore used for the computation of the closing provisions at 31 July 2019, as it was the prevailing legal basis on which all participating employers were required to make future contributions at that date. The fact that a new Schedule of Contributions (SoC) based on the 2018 Valuation was subsequently agreed and signed in September 2019, has thus been disclosed as a 'Post Balance Sheet Event' that is NOT reflected in the current year's accounts as it did not prevail at the Balance Sheet date. It is estimated that the revised level of USS provision at 31 July 2019 would have been around c£18m if the new basis had been adopted, as compared to the c£30m figure currently disclosed. Subject to any further changes in the SoC agreement, and to market conditions in July 2020, it is reasonable to expect a large credit to appear in the 2019/20 Accounts next year for this item being reflected.

TREASURY POLICIES AND OBJECTIVES

The University holds funds arising from bequests and other gifts, which are recognised in these accounts as either endowments or donations with or without restrictions. These funds have been invested on a pooled basis and are managed by UBS in line with the University's sustainable investment policy. During the year, the funds performed satisfactorily against benchmarks but generated a small negative return of £34k alongside an income of £217k, with the total value of funds invested closing at £6.068m (2017/18 £6.021m).

The University's short-term liquidity deposits are invested either with our relationship bankers, Santander, up to a fixed credit limit, and beyond that managed by the Royal London Asset Management Group who invest the funds in highly-rated and short-dated pooled funds. This year, some of the deposits were for periods in excess of 3 months and are thus classified as Investments rather than Cash within current assets. In total the holdings reduced by just under £4m, from £32.448m to £28.675m, reflecting the balance of movements between net debt and working capital changes that occurred in the last year, as outlined in the Consolidated Cash Flow Statement and summarised further on the next page.

CASH FLOW AND LIQUIDITY

In line with management expectations the University's cash flow and liquidity position closed in a reasonable position, albeit below the previous year, with Net Current Assets up at £18.601m (2017/18 £16.268m) and a Days Net Liquid Assets to Total Expenditure ratio of 82 days (2017/18 91 days).

The end of year liquidity position represents a 'normal' level for this time of year, and is supplemented by the existence of a Revolving Credit Facility with Santander that was unused during 2018/19 but is retained to support volatility of in-year cash flows, attributable largely to the profile of Fee income received from the Student Loan Company.

CAPITAL FUNDING

Expenditure of £6.310m was incurred on capital projects in 2018/19 (2017/18 £14.257m) and was financed partially through a new Salix Energy Efficiency Loan. This element of the investment represents part of the ReFit Cymru scheme underwritten by the Welsh Government that makes funding available for schemes that demonstrate a savings payback with 8 years through investing in projects that reduce energy usage across the campus, including teaching, research and student accommodation buildings. Aside from that project, other investment was aimed at upgrading infrastructure and assets to maintain the fabric of the infrastructure that supports our activity across the wide range of sites we occupy.

GOING CONCERN

The financial statements are prepared on a going concern basis which the Council believes to be appropriate for the following reasons. The Group meets its day to day working capital requirements through existing unrestricted cash balances, which are adequate to meet liabilities as they fall due for the foreseeable future. The Council has prepared detailed monthly cash flow information for both 2019/20 and 2020/21. On the basis of this cash flow information, the Council considers that the Group will continue to maintain adequate liquidity for the foreseeable future.

In preparing the accounts and future projections, due regard has been given to the unprecedented level of competition and uncertainty that presently exists in the HE sector and are unlikely to dissipate soon. The University has responded to this by continuing to monitor its financial performance on a monthly basis and is investing significantly in future programme development and marketing whilst continuing to focus on cost containment. Achieving the financial projections is recognised as critical to the continued compliance with bank covenants, as well as to provide the cash basis for the continuation of planned future investment. Based on the above, the Council believes that it remains appropriate to prepare the financial statements on a going concern basis.

Sir Paul Lambert

Chair of Finance & Resources Committee.



PUBLIC BENEFIT STATEMENT

YEAR ENDED 31 JULY 2019

Bangor University is a Registered Charity (number 1141565) in accordance with the terms of the Charities Act 2011. In setting and reviewing the University's objectives and activities, the University has due regard to the Charity Commission's guidance on the reporting of public benefit and particularly its supplementary public benefit guidance on the advancement of education.

Bangor University is a strong, confident institution recognised regionally, nationally and internationally as a centre of excellence for its varied portfolio of teaching and research, and for the unique, multicultural, inclusive experience it provides for its staff and students. The University was founded as a direct result of a campaign from the communities of North Wales for higher education provision in the region. Established with significant local support, both financially and otherwise, the University continues to take pride in our role as a member of the community and our bilingual heritage.

AN EXCELLENT EDUCATION AND STUDENT EXPERIENCE

The University provides higher education for over 11,000 students in a wide range of disciplines in the arts and humanities, social sciences, natural sciences, physical sciences, health and education.

The University admits students who can demonstrate their ability to benefit from higher education – regardless of their financial, social, religious or ethnic background. We safeguard fair access and increased retention through the provision of bursaries, scholarships and hardship schemes and targeted financial support for care leavers and the homeless.

The University works with schools to raise educational aspirations and awareness of under-represented groups; by identifying individuals with potential, and developing skills to prepare students for Higher Education.

Extra-curricular and volunteering activities develop individuals, enhance their employability, and promote engagement with the community. The University provides access to all sports clubs, societies and volunteering activities free at the point of delivery, regardless of the student's ability to pay.

In the field of teaching and learning, the University provides a curriculum that is attractive and fit for purpose with academic programmes of high quality, excellent teaching facilities and a wide range of support services (including academic, financial, pastoral, spiritual and careers advice). Our programmes reflect our commitment to ensuring our students are global citizens.

ENHANCING RESEARCH SUCCESS

Research at Bangor University is having a major impact on the economy and the lives of people around the world. Our research is disseminated through the publication of papers and books, through lectures and conference presentations.

Opportunities for postgraduate study and research (including the provision of studentships) are available in every academic school.

The University also provides services to industry and commerce, through enterprise support (for example Knowledge Transfer Partnerships – of which there have been nearly 100 – with various businesses in north Wales and beyond), assistance with new product development, the promotion and support of spin-out companies, the commercialisation of ideas and the exploitation of intellectual property.

AN INTERNATIONAL UNIVERSITY FOR THE REGION

Bangor University is listed among the 200 most international universities globally and the most international university in Wales. The University provides a thriving international community and welcomes staff and students from over 100 countries worldwide, providing a unique Bangor experience for international students. The University works with partners across the world, including the recent establishment of Bangor College China.

Employability and global citizenship are strengthened by the University's internationalisation of the curriculum and promotion and support for outward mobility, allowing all students to experience time abroad as part of their academic programme.

WELSH LANGUAGE, CULTURE & CIVIC ENGAGEMENT

The University is leading the field for Welsh-medium higher education provision. The University actively encourages Welsh-medium students to undertake their courses through the medium of Welsh and promotes the use of Welsh in the workplace.

There is an extensive Library, the Archive department of which has the status of a 'Place of Deposit for Public Records'. The Library holdings and collections are shared with external members of the public through schemes such as 'Linc y Gogledd' which make University Library resources available in local public libraries in north Wales.

The University also promotes cultural development through its Public Lecture programme, a programme of music and drama, a Museum and Art Gallery, together with a major art collection, and unique collections including ceramics, musical instruments, and natural history specimens.

Pontio, a major £50m Arts and Innovation Centre, encompassing a theatre, studio theatre, cinema, large lecture facilities and innovation hub, outdoor performance area, as well as public cafes, foyers and bars has recently been completed. This makes an immense contribution to cultural, economic and social development. The university also provides high-quality sporting facilities and classes for the local community.

The University estate contains nearly 150 buildings, including 14 listed buildings (one of which is a grade 1 listed building of historical significance).

COMMITMENT TO SUSTAINABILITY AND THE ENVIRONMENT

The University is committed to sustainability not only in the context of our rich, natural environment, but also in terms of social cohesion, financial stability, and resource efficiency. Sustainability is one of our strategic enablers and we contribute to the Welsh Government's well-being of future generations' goals and the UN Sustainable Development goals.

Bangor's commitment to sustainability is reflected in its environmental policy, which states that *"We will not only seek to protect our natural environment, but also actively pursue opportunities to enhance it, promote a culture of environmental stewardship amongst our staff and students and work towards the goals of sustainable development."*

We have maintained our ISO14001.2015 Environmental Management System (EMS). Senior management demonstrated its leadership and commitment with respect to the EMS by appointing the University Secretary, on behalf of the Executive, to chair the Sustainability Task Group (STG), which provides strategic direction and accountability for the effectiveness of the environmental management system by scrutinising the Annual Environmental Report. In the year of reporting, Waste Management continued to be a focus for the Sustainability Lab and the Campus Environmental

Performance team (CEPT). Student training sessions, presentations and workshops were delivered throughout the year and the Waste Awareness Week, held in October 2018, is by now an annual fixture in the calendar. There has been a 2% reduction in total waste generated, 14% increase in material recycled and 47% increase in donations to the British Heart Foundation.

The University sends zero waste to landfill. There has been a 5.5% reduction in total energy consumption and a 9% decrease in consumption per m² and per FTE (students and staff). More than 87,000kWh of electricity was generated by solar panels and there was an 8% decrease in reportable Greenhouse gas emissions. The team worked with many collaborators internally and externally with Cyngor Gwynedd, CIWM and the British Heart Foundation.

Biodiversity is another focus. Habitats within our grounds hold educational, social, cultural, recreational and environmental value for students, staff and the wider community. The new Biodiversity Action Plan seeks to promote biodiversity in all campus habitats and integrate biodiversity into our operations as we conduct our business. Outreach through the Treborth Botanic Garden continues.

COMMITMENT TO SUSTAINABILITY THROUGH OUR INVESTMENT POLICY

The University, through a sub-committee of the Finance and Resources Committee, conducted its annual review of the Sustainable Investment Policy applicable to the Endowment funds that are managed on its behalf by UBS. The policy ensures that the University optimises its investment returns without compromising our commitment to sustainability and well-being of current and future generations. This involves positive and negative screening of all companies for compliance with ethical and socially responsible standards, including the avoidance of activities that are harmful to the environment or well-being of their workforce. There are also specific exclusions for areas such as weapons, alcohol, gambling, tobacco etc. The University does not invest in extractive fossil fuels. A copy of the Policy can be found at:

www.bangor.ac.uk/finance/pl/documents/SIPBU-Eng



CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 31 JULY 2019

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1885. It was registered as a charity (number 1141565) in 2011. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, to which amendments are approved by the Privy Council from time to time.

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 Council endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The Council has taken note of the Code of Practice on governance as set out in the Committee of University Chairs (CUC) Higher Education Code of Governance (December 2014), and, following a recent audit, is of the view that it is compliant with the Code.

The Council applies an approach of continuous improvements to governance and regularly reviews its effectiveness. A formal governance effectiveness review was completed in 2018/19 and an action plan is being implemented.

The matters specially reserved to the Council for decision are set out in the Statutes of the University, by custom and under the Memorandum of Assurance and Accountability with the Higher Education Funding Council for Wales.

The roles of Chancellor, Chair of Council, Pro-Chancellor and Treasurer 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 Chair must be drawn. Also included in its members are representatives of the staff of the University and the student body.

The University is committed to promoting equality and diversity and all vacancies for lay members are advertised externally with applications particularly welcome from under-represented groups. Applications are considered by the Nominations and Governance Committee and matched against the current skills matrix. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University. All appointed members of the Council serve for a period of 4 years, but may be reappointed for a maximum period of 8 years.

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 membership of the Senate has been reviewed and extended in the past year.

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 Charter or Statutes 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 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 Council met on six occasions during 2018-19 but much of its detailed work is handled initially by standing committees of the Council. All Committees are formally constituted with terms of reference and membership which includes lay members of Council.

The **Finance and Resources Committee** meets at least 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 and Governance Committee** considers nominations for specific vacancies in the Council membership under the relevant Statute, and other governance issues. Certain lay members are appointed by external bodies.

The **Remuneration Committee** determines the remuneration of the most senior staff, including the Vice-Chancellor. The University Council has adopted the principles of the CUC Remuneration Code. The terms of reference and membership of the Remuneration Committee are currently under review in order to capture the Code within a revised set of Terms of Reference.

The **Audit and Risk Committee**, which meets quarterly, comprises three lay Council members and two co-opted external members. The University's internal and external auditors attend all meetings. The Committee considers 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 meets regularly (before each Committee meeting) 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 has formal processes in place for evaluating and managing significant risks facing the institution. It 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 considers documentation from the Risk Management Task Group and internal audit, and takes 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 Pro-Vice-Chancellors, Deans of College, the Director of Finance, the University Secretary, and Heads of specified Central Services.

Members of the group have executive authority over their respective portfolios. The Executive generally meets weekly and is assisted in its work by Task Groups which it has established to consider particular themes. It is accountable to the Council.

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 Memorandum of Assurance and Accountability 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 National Assembly for Wales.

RISK AND INTERNAL CONTROL

The University's Council is responsible for the University's system of internal control that supports the achievement of the University's aims and objectives, whilst safeguarding public and other funds.

The systems of internal control is designed to manage, rather than eliminate, significant risks which threaten the University's business

objectives; it can therefore only provide reasonable, but not absolute, assurance against material misstatement or loss.

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 2019 the report expresses a satisfactory opinion that the University has an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness, subject to identifying further enhancements to ensure that it remains adequate and effective. The Council is satisfied that this has been in place for the year ended 31 July 2019 and up to the date of approval of the Annual Report and Accounts, accords with HEFCW guidance; and that it is regularly reviewed by the Audit & Risk Committee on behalf of the Council. No significant control weaknesses were identified in the period.

The Council is satisfied that the University has adequate and effective control and governance processes in place in relation to risk management, control and governance; economy, efficiency and effectiveness; and the management and quality assurance of data submitted to statutory bodies – bearing in mind that any system of internal control can provide only reasonable and not absolute assurance against misstatement or loss.

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 quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with

investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to 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 outsourced Internal Audit function whose annual programme is approved by the Audit & Risk Committee.



STATEMENT OF COUNCIL RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

The Council is responsible for preparing the Strategic Review and the consolidated financial statements in accordance with the requirements of the Higher Education Funding Council for Wales's Memorandum of Assurance and Accountability issued by HEFCW and applicable law and regulations.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of HEFCW's Accounts Direction to higher education institutions. The Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable them to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCW and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCW may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF BANGOR UNIVERSITY

YEAR ENDED 31 JULY 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bangor University ("the University") for the year ended 31 July 2019 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCW's Accounts Direction to Higher Education institutions for 2018-19 issued on 11 July 2019 financial statements; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the pension provisions and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the University's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the University's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit,

and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

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

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

Council's responsibilities

As explained more fully in their statement set out on page 33, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council, in accordance with Article 12(ii) of the Charters and Statutes of the University and section 124B of the Education Reform Act 1988 and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and Council for our audit work, for this report, or for the opinions we have formed.

**Michael Rowley
for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants**

One Snowhill, Queensway
Birmingham, B4 6GH

Date: 3rd December 2019

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2019

	Notes	2018/19		2017/18	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	80,698	80,698	85,099	85,099
Funding body grants	2	13,688	13,688	28,415	28,415
Research grants and contracts	3	21,098	21,098	21,130	21,130
Other income	4	29,936	26,744	29,427	26,538
Investment income	5	520	667	299	437
Endowments and donations	6	440	440	507	507
Total income		146,380	143,335	164,877	162,126
Expenditure					
Staff costs	7	84,123	82,376	80,691	78,970
USS pension provision movement	7	18,158	18,158	(1,400)	(1,400)
Other operating expenses		45,908	45,035	47,657	46,951
Depreciation	11	12,607	12,169	12,544	12,119
Interest and other finance costs	8	5,652	5,534	5,861	5,831
Total expenditure	9	166,448	163,272	145,353	142,471
(Deficit)/Surplus before other gains/(losses) and share of operating surplus of joint venture		(20,068)	(19,937)	19,524	19,655
Gain on disposal of fixed assets		198	198	0	0
Gain on investments		(34)	(34)	318	318
Share of operating surplus in joint venture	15	63	0	25	0
(Deficit)/Surplus before tax		(19,841)	(19,773)	19,867	19,973
Taxation	10	0	0	0	0
(Deficit)/Surplus for the year		(19,841)	(19,773)	19,867	19,973
Pension Provision movement	21	1,261	1,261	6,985	6,985
Total comprehensive (expenditure)/income for the year		(18,580)	(18,512)	26,852	26,958
Represented by:					
Endowment comprehensive income for the year		(137)	(137)	494	494
Restricted comprehensive income for the year		47	47	45	45
Unrestricted comprehensive income for the year		(18,490)	(18,422)	26,313	26,419
		(18,580)	(18,512)	26,852	26,958
Surplus/(Deficit) for the year attributable to:					
Non controlling interest		63	0	25	0
University		(19,904)	(19,773)	19,842	19,973
Total Comprehensive income/(expenditure) for the year attributable to:					
Non controlling interest		63	0	25	0
University		(18,643)	(18,512)	26,827	26,958

All items of total comprehensive income and expenditure relate to continuing activities.

The Statement of Accounting Policies and Notes on pages 40 to 64 form part of the financial statements.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2019

Consolidated	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
At 1 August 2017	6,746	488	203,645	210,879
Surplus/(deficit) from the income and expenditure statement	644	212	19,011	19,867
Other comprehensive income	0	0	6,985	6,985
Release of restricted funds spent in year	(150)	(167)	317	0
Total comprehensive income for the year	494	45	26,313	26,852
At 1 August 2018	7,240	533	229,958	237,731
Surplus from the income and expenditure statement	189	186	(20,216)	(19,841)
Other comprehensive income	0	0	1,261	1,261
Release of restricted funds spent in year	(326)	(139)	465	0
Total comprehensive income for the year	(137)	47	(18,490)	(18,580)
At 31 July 2019	7,103	580	211,468	219,151
University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
At 1 August 2017	6,746	488	203,680	210,914
Surplus from the income and expenditure statement	644	212	19,117	19,973
Other comprehensive income	0	0	6,985	6,985
Release of restricted funds spent in year	(150)	(167)	317	0
Total comprehensive income for the year	494	45	26,419	26,958
At 1 August 2018	7,240	533	230,099	237,872
Surplus/(deficit) from the income and expenditure statement	189	186	(20,148)	(19,773)
Other comprehensive income	0	0	1,261	1,261
Release of restricted funds spent in year	(326)	(139)	465	0
Total comprehensive income for the year	(137)	47	(18,422)	(18,512)
At 31 July 2019	7,103	580	211,677	219,360

The Statement of Accounting Policies and Notes on pages 40 to 64 form part of the financial statements.

Consolidated and University Statement of Financial Position

Year ended 31 July 2019

	Notes	2019		2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	328,822	322,797	335,133	328,758
Investments	14	6,118	6,168	6,184	6,234
Investment in joint venture	15	137	0	74	0
		<u>335,077</u>	<u>328,965</u>	<u>341,391</u>	<u>334,992</u>
Current assets					
Stock	16	109	78	91	70
Trade and other receivables	17	21,657	27,474	20,435	23,540
Investments	18	10,463	10,463	0	0
Cash and cash equivalents	24	19,412	18,991	32,448	32,225
		<u>51,641</u>	<u>57,006</u>	<u>52,974</u>	<u>55,835</u>
Less: Creditors: amounts falling due within one year	19	(33,040)	(32,275)	(36,706)	(35,216)
		<u>18,601</u>	<u>24,731</u>	<u>16,268</u>	<u>20,619</u>
Net current assets		<u>18,601</u>	<u>24,731</u>	<u>16,268</u>	<u>20,619</u>
Total assets less current liabilities		<u>353,678</u>	<u>353,696</u>	<u>357,659</u>	<u>355,611</u>
Creditors: amounts falling due after more than one year	20	(103,460)	(103,269)	(107,395)	(105,206)
Provisions					
Pension provisions	21	(30,329)	(30,329)	(12,533)	(12,533)
Other provisions	21	(738)	(738)	0	0
Total net assets		<u>219,151</u>	<u>219,360</u>	<u>237,731</u>	<u>237,872</u>
Restricted Reserves					
Endowment reserve	22	7,103	7,103	7,240	7,240
Income and expenditure reserve	23	580	580	533	533
Unrestricted Reserves					
Income and expenditure reserve		211,468	211,677	229,958	230,099
Total Reserves		<u>219,151</u>	<u>219,360</u>	<u>237,731</u>	<u>237,872</u>

The Statement of Accounting Policies and Notes on pages 40 to 64 form part of the financial statements.

The financial statements were approved by the Council on 29 November 2019 and were signed on its behalf by:

Prof. I Davies, Vice-Chancellor

Sir Paul Lambert, Chair of
Finance & Resources Committee

M Davies, Director of Finance &
Research Services

Consolidated Cashflow Statement

Year Ended 31 July 2019

	Notes	2018/19 £'000	2017/18 £'000
Cash flow from operating activities			
(Deficit) / Surplus for the year		(19,841)	19,867
Adjustment for non-cash items			
Depreciation	11	12,607	12,544
Loss / (Gain) on investments		34	(318)
(Increase) / Decrease in stock	16	(18)	7
Decrease / (Increase) in debtors		402	(601)
(Decrease) / Increase in creditors		(4,876)	(21,205)
Increase / (Decrease) in pension provision	21	19,057	(580)
Increase / (Decrease) in other provisions	21	738	(3,100)
Share of operating surplus in joint venture	15	(63)	(25)
		27,881	(13,278)
Adjustment for investing or financing activities			
Capital grant income		(3,969)	(3,515)
Profit on the sale of fixed assets		(198)	0
Investment income	5	(520)	(299)
Interest payable	8	5,365	5,443
Endowment income	6	(6)	(167)
		672	1,462
Net cash inflow from operating activities		8,712	8,051
Cash flows from investing activities			
Capital grant receipts		2,344	14,196
Proceeds from sales of fixed assets		212	0
Payments made to acquire fixed assets		(5,078)	(11,775)
Investment income	5	520	299
New current asset investments		(10,463)	0
Disposal of current asset investments		0	0
New non-current asset investments		(2,094)	(1,675)
Disposal of non-current asset investments		2,126	2,089
		(12,433)	3,134
Cash flows from financing activities			
Interest paid	8	(1,424)	(1,266)
Interest element of finance lease and service concession payments	8	(3,941)	(4,177)
Endowment cash received	22	6	167
Repayment of finance leases and service concessions	19/20	(1,417)	(1,351)
New unsecured loans	19/20	2,334	0
Repayment of secured loans	19/20	(2,409)	(1,065)
Repayment of unsecured loans	19/20	(2,464)	(2,090)
		(9,315)	(9,782)
(Decrease) / Increase in cash and cash equivalents in the year		(13,036)	1,403
Cash and cash equivalents at beginning of the year	24	32,448	31,045
Cash and cash equivalents at end of the year	24	19,412	32,448
		(13,036)	1,403

The Statement of Accounting Policies and Notes on pages 40 to 64 form part of the financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 31 JULY 2019

1. GENERAL INFORMATION

Bangor University is registered with the Charity Commission (number 1141565). The address of the registered office is Bangor University, College Road, Bangor, Gwynedd, LL57 2DG.

2. STATEMENT OF COMPLIANCE

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2015. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter and the Accounts Direction issued by the Higher Education Funding Council for Wales (HEFCW).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

3. BASIS OF PREPARATION

The Consolidated and University financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Review which also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. The University's Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the

going concern basis of accounting in preparing the annual financial statements. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

4. EXEMPTIONS UNDER FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

5. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the University and all its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2019.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

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

Joint ventures are accounted for using the equity method.

6. GOING CONCERN

The financial statements are prepared on a going concern basis which the Council believes to be appropriate for the following reasons. The Group meets its day to day working capital requirements through existing unrestricted cash balances, which are adequate to meet liabilities as they fall due for the foreseeable future. The Council has prepared detailed monthly cash flow information for both 2019/20 and 2020/21. On the basis of this cash flow information, the Council considers that the Group will continue to maintain adequate liquidity for the foreseeable future.

In preparing the accounts and future projections, due regard has been given to the unprecedented level of competition and uncertainty that presently exists in the HE sector and are unlikely to dissipate soon. The University has responded to this by continuing to monitor its financial performance on a monthly basis and is investing significantly in future programme development and marketing whilst continuing to focus on cost containment. Achieving the financial projections is recognised as critical to the continued compliance with bank covenants, as well as to provide the cash basis for the continuation of planned future investment. Based on the above, the Council believes that it remains appropriate to prepare the financial statements on a going concern basis.

Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, for example, by way of a discount for prompt payment or other form of waiver, income receivable is

shown net of such reductions. The actual payment of bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant funding

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms of the individual endowment fund. There are four main types of donations and endowments identified within reserves:

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

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

7. ACCOUNTING FOR RETIREMENT BENEFITS

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Bangor University Pension and Assurance Scheme 1978 (BUPAS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P).

Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

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

Multi-employer schemes

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined benefit schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the University.

The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets.

The calculation is performed by a qualified actuary using the projected unit credit method. Under section 28.22 (Employee Benefits - Defined benefit plan asset) of FRS 102 the University does not recognise the surplus of the scheme as it is unable to recover the surplus through reduced contributions in the future or through refunds from the plan. The Trust Deed provides for the University to unilaterally wind up the Bangor University Pension and Assurance Scheme, in which event any residual amounts after settling all scheme obligations are repayable to the University. As a result the University has determined that it has an unconditional right to a refund on wind-up. However, the Trust Deed also provides for the Fund Trustees to transfer annuity policies into individual members' names without requiring the University's consent. Due to the existence of those Fund Trustees rights, the University considers it appropriate to not recognise the surplus within the financial statements in respect of the Pension Fund.

Annually, the University engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the University's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service

during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in Note 29 to the accounts.

8. EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

9. FINANCE LEASES

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

10. SERVICE CONCESSION ARRANGEMENTS

Private Finance Initiative (PFI) transactions which meet the definition of a service concession arrangement are accounted for as 'on Balance Sheet' by the University. The underlying assets are recognised as Fixed Assets at their fair value as determined in the operators' model. An equivalent financial liability is recognised in accordance with FRS 102.

The annual contract payments are apportioned between the repayment

of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with FRS 102, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement costs are recognised in operating expenses based on the operators' planned programme of lifecycle replacement.

11. OPERATING LEASES

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

12. FOREIGN CURRENCY

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised as a Surplus or Deficit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

13. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings have been revalued to fair value at the date of transition to the 2015 FE HE SORP, and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The valuation was undertaken by a professionally qualified firm of Chartered Surveyors. Some assets were excluded from the valuation where they were considered for disposal, demolition or major refurbishment.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Unless they are componentised, freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Buildings 50 years

Building refurbishments 15 years

Where appropriate, buildings are componentised into three parts: building structure, fit out and mechanical & engineering. These are accounted for as separate items of fixed assets and each part is depreciated on a straight line basis over their respective useful lives:

Buildings structure Up to 50 years

Fit out Up to 20 years

Mechanical and engineering Up to 20 years

Leasehold improvements are depreciated over the life of the lease.

No depreciation is charged on assets in the course of construction.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Equipment

Equipment is capitalised at cost on initial recognition and then subsequently at cost less accumulated depreciation and accumulated impairment losses.

Equipment, including computers and software, costing less than the de-minimis of £10,000 per individual item, or group of related items, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment 5 years

Equipment acquired for specific research projects 5 years

Other Equipment 5 years

Motor Vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

14. HERITAGE ASSETS

The University owns an extensive collection of works of art, and other museum collections including ceramics, musical instruments, natural history items, geological artefacts and manuscripts, which have been mostly donated or bequeathed to the University during the last 130 years. These items are not included in the financial statements, as the University considers that in most cases, due to their unique nature, it would not be practical to obtain a meaningful valuation. Very few heritage assets could be sold by the University due to the restrictive nature of their acquisition. Further information is provided in Note 12. The cost of conservation and restoration of the heritage collection is reported in the Statement of Comprehensive Income for the year it is incurred.

15. INVESTMENTS

Non-current asset investments in unlisted securities are held on the Statement of Financial Position at cost less impairment.

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

Investments are held in the Statement of Financial Position as basic financial assets and are measured in accordance with accounting policy Note 18.

16. STOCK

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

17. CASH AND CASH EQUIVALENTS

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

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

18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

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

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

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

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

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

19. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

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

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

20. TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The University is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

21. FINANCIAL INSTRUMENTS

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments.

Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive

income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the University enters into forward foreign exchange contracts which remain unsettled at the reporting date, the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date

of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The University does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de recognised when the liability is discharged, cancelled, or expires.

22. RESERVES

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

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



23. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the University's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

Income recognition

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in Note 11.

Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

The University's Trade Receivables balance, Note 17, discloses the amount due to the University and the Group after deducting the bad debt provision of £1,508k (2018: £1,187k) and £1,587k (2018: £1,264k) respectively. The bad debt provision mainly relates to residential and tuition fees owed by students. Management have reviewed individual debts and assessed recoverability having regard to age, status of the debtor, and any other relevant information relating to the delay in payment.

Service concession agreements

The University has two service concession agreements on its Balance Sheet, the Ffriddoedd Road and St Mary's schemes (Note 13). The associated finance obligations have been derived using a modelling tool for service concession agreements under guidance from the University's professional advisors, with inputs derived from the operator models which underpinned the contracts concluded with the private sector partners. The asset values are based on costs taken from the same operator models, and these are subject to an annual impairment review. No impairment arose in 2018/19 (2017/18 - Nil).

It has been assumed that any lifecycle expenditure is revenue in nature based on the information in the operator models.

Retirement benefit obligations USS pension provision

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 29.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2017 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2034. These contributions will be reassessed within each triennial valuation of the scheme.

The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 29A.

Retirement benefits (BUPAS)

The pension liability position, as contained within the accounts, is based on a number of complex assessments and judgements relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on scheme assets. A professional firm of consulting actuaries is engaged by the University to provide expert advice on the assumptions to be applied and the calculation of the scheme liability.

Assumptions used in the current year are detailed in Note 29B.



Notes to the Financial Statements

Year ended 31 July 2019

	2018/19		2017/18	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
1 Tuition fees and education contracts				
Full-time home and EU students	51,475	51,475	55,043	55,043
Full-time international students	13,807	13,807	16,352	16,352
Part-time students	2,034	2,034	1,730	1,730
Research training support grants	923	923	1,097	1,097
Short course fees	892	892	668	668
Education contracts	11,567	11,567	10,209	10,209
	80,698	80,698	85,099	85,099
2 Funding body grants				
Recurrent grant				
Higher Education Funding Council for Wales	8,156	8,156	6,463	6,463
Specific grants				
<i>Higher Education Funding Council for Wales</i>				
National research network	0	0	267	267
Newton fund & global challenge	86	86	145	145
Reaching higher reaching wider	384	384	491	491
Capital Grants	1,571	1,571	1,117	1,117
Strategic development fund	395	395	0	0
Welsh medium initiatives	935	935	959	959
Other	98	98	(14)	(14)
<i>Welsh Government</i>				
National practitioners	380	380	345	345
Welsh for adults language centre	1,574	1,574	1,261	1,261
Other	109	109	104	104
<i>Welsh Government / Welsh European Funding Office</i>				
Menai Science Park Capital Grant	0	0	17,277	17,277
	13,688	13,688	28,415	28,415
3 Research grants and contracts				
Research councils	3,636	3,636	3,227	3,227
UK charities	1,103	1,103	1,478	1,478
UK government	5,797	5,797	5,642	5,642
UK industry & commerce	316	316	558	558
EU government	9,491	9,491	9,290	9,290
EU other	8	8	29	29
Other overseas	618	618	575	575
Other sources	129	129	331	331
	21,098	21,098	21,130	21,130
<p>The Research grants and contract totals include fully recognised income of £1.6m (2017/18 - £2.4m) received for capital grants where performance conditions have been met. The associated equipment purchased will be depreciated over 5 years in accordance with the University's Accounting Policies.</p>				
4 Other income				
Residences, catering and conferences	14,138	14,138	15,117	15,118
Other services rendered by the University	4,971	4,979	4,511	4,511
Other income	7,690	7,627	6,838	6,909
<i>Subsidiary Companies</i>				
NWWMDC Ltd	2,493	0	2,650	0
Others	644	0	311	0
	29,936	26,744	29,427	26,538
5 Investment income				
Investment income on endowments	217	217	160	160
Investment income on restricted reserves	0	0	0	0
Other investment income	303	450	139	277
	520	667	299	437

Notes to the Financial Statements (continued)

Year ended 31 July 2019

6 Donations and endowment income	2018/19		2017/18	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	6	6	167	167
Donations with restrictions	186	186	212	212
Unrestricted donations	248	248	128	128
	<u>440</u>	<u>440</u>	<u>507</u>	<u>507</u>

7 Staff costs	2018/19		2017/18	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries	64,923	63,344	64,287	62,712
Social security costs	6,257	6,134	6,232	6,102
Restructuring Costs	1,353	1,353	(1,014)	(1,014)
Movement on USS provision	18,158	18,158	(1,400)	(1,400)
Movement on BUPAS provision	1,164	1,164	0	0
Other pension costs	10,426	10,381	11,186	11,170
Total	<u>102,281</u>	<u>100,534</u>	<u>79,291</u>	<u>77,570</u>

Emoluments of the Vice-Chancellor 1 August 2018 to 31 July 2019 :

	Prof. J Hughes to 31/12/18		Prof. G Upton from 01/01/19	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Salary	124	252	106	0
Non-taxable benefits: Living Accommodation	6	11	0	0
Pension contributions to USS in relation to deficit recovery plan	2	5	0	0
Pay in lieu of notice	112	0	0	0
Total remuneration	<u>244</u>	<u>268</u>	<u>106</u>	<u>0</u>

Vice-Chancellor remuneration as a pay multiple of all other employees on an FTE basis

	2018/19	2017/18	2018/19	2017/18
Pay median of basic salary	1 : 6.82	1 : 6.79	1 : 5.15	0
Pay median of total remuneration	1 : 7.27	1 : 7.25	1 : 5.15	0

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff but include the employer contribution to the USS deficit recovery plan.

Remuneration of higher paid staff, excluding employer's pension contributions:

	No.	No.
£100,000 to £104,999	2	2
£105,000 to £109,999	3	5
£110,000 to £114,999	2	2
£115,000 to £119,999	2	1
£120,000 to £124,999	0	0
£125,000 to £129,999	0	0
£130,000 to £139,999	1	1
£135,000 to £139,999	2	2
£140,000 to £144,999	0	1
£145,000 to £149,999	1	0
£150,000 to £154,999	0	1
£155,000 to £159,999	0	0
£160,000 to £164,999	0	0
£235,000 to £239,999	1	0
£250,000 to £254,999	0	1
£270,000 to £274,999	1	0
	<u>15</u>	<u>16</u>

Notes to the Financial Statements (continued)

Year ended 31 July 2019

7 Staff costs (continued)

	2018/19	2017/18
Average staff numbers by major category :	No.	No.
Academic & related and research	944	955
Clerical	329	339
Technical	94	92
Other	300	299
	1,667	1,685

Staff numbers are expressed as full-time equivalents.

Atypical staff costs (Subsidiary, Agency, Self-employed and non-contract staff costs) were £1.95m (2017/18 - £1.82m), excluding Subsidiaries' staff costs £210k (2017/18 - £80k)

Compensation for loss of office was paid to one former higher paid employee under the terms of the University's standard voluntary severance scheme, the amount paid was £179,258 (2017/18 £51,825)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include both employers' pension and NI contributions.

	2018/19	2017/18
	£'000	£'000
Key management personnel staff cost	1,561	1,443
	No.	No.
Number of key management personnel	11	10

At the 31 July 2019 there were 11 key management personnel.

Council Members

The University council members are the trustees for charitable law purposes. 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 transactions will take place with organisations in which a member of the Council may have an interest.

All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The value of these transactions reflected in the accounts for the year ended 31 July 2019 are set out below.

Organisation	Name	Position	Income	Expenditure	Due from/(to)
					at 31 July 2019
			£000	£000	£000
Arts Council Wales	Mrs Marian Wyn Jones	Vice-Chairperson	402	0	0
Betsi Cadwaladr University Health Board	Prof. Jo Rycroft-Malone	Board Member	686	911	44
Canolfan Gerdd William Mathias	Mrs Marian Wyn Jones	Trustee	0	14	0
Coleg Cymraeg Cenedlaethol	Prof. Jerry Hunter	Board Member	9	32	0
Grŵp Llandrillo-Menai	Dr. Griffith W Jones	Vice-Chairperson	983	799	83
National Environment Research Council	Prof. David N Thomas	Member	0	84	(4)
Quality Assurance Agency	Prof. Oliver Turnbull	Director	0	68	0
UM Association Ltd	Mr Mike Davies	Director	0	386	0

No lay council members received remuneration from the group during the year (2018 - One).

The total expenses paid to or on behalf of 6 lay council members was £6,508 (2018 - paid £2,047 to 4 members). This represents travel expenses incurred in attending Council, Committee meetings and other events in their official capacity.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

	Note	2018/19		2017/18	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest		1,424	1,306	1,266	1,236
Finance lease interest (including service concession finance charge)		3,941	3,941	4,177	4,177
Net charge on pension scheme	21	287	287	418	418
Other		0	0	0	0
		<u>5,652</u>	<u>5,534</u>	<u>5,861</u>	<u>5,831</u>

9 Analysis of total expenditure by activity

Academic departments	46,671	47,080	46,352	46,765
Academic services	11,549	11,597	10,664	10,691
Central administration and services	8,054	8,066	10,304	10,316
General educational	11,387	11,390	12,107	12,125
Staff and student facilities	7,367	6,833	5,933	5,426
Premises	18,503	18,893	21,292	21,688
Residences and catering operations	15,183	15,184	15,165	15,169
Research grants and contracts	18,970	18,979	17,595	17,623
Services rendered	7,360	3,677	6,551	3,216
Restructuring costs / (not utilised)	1,351	1,351	(1,014)	(1,014)
Movement on USS provision	18,158	18,158	(1,400)	(1,400)
Other	1,895	2,064	1,804	1,866
	<u>166,448</u>	<u>163,272</u>	<u>145,353</u>	<u>142,471</u>

Other operating expenses include:

	£'000	£'000	£'000	£'000
External auditors remuneration				
Audit services	99	79	64	50
Non-audit services	73	67	107	100
Operating lease rentals				
Land and buildings	237	237	13	13
Other	1,108	1,108	1,086	1,086
Restructuring costs / (not utilised) include				
Staff severance	1,353	1,353	(480)	(480)
Other	(2)	(2)	(534)	(534)

10 Taxation

	2018/19		2017/18	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Current tax				
UK corporation tax of 19% (2017: 19%) on deficit for the year	0	0	0	0
Total tax charge	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

(Deficit)/Surplus before taxation	<u>(19,841)</u>	<u>(19,773)</u>	<u>19,867</u>	<u>19,973</u>
(Deficit)/Surplus multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(3,770)	(3,757)	3,775	3,795
Surplus/(Deficit) within charitable exemption	3,770	3,757	(3,775)	(3,795)
Impact of change in corporation tax rate	0	0	0	0
Current tax charge	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements (continued)

Year ended 31 July 2019

11 Property, Plant and Equipment

	Freehold Land and Buildings	Leasehold Improvements	Service concession arrangement Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
Consolidated						
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	290,522	11,079	68,652	27,976	1,903	400,132
Additions	0	0	0	2,172	4,138	6,310
Transfers	497	0	0	72	(569)	0
Disposals	0	0	0	(2,173)	0	(2,173)
At 31 July 2019	291,019	11,079	68,652	28,047	5,472	404,269
Depreciation						
At 1 August 2018	31,818	4,714	5,163	23,304	0	64,999
Charge for the year	8,781	374	1,465	1,987	0	12,607
Disposals	0	0	0	(2,159)	0	(2,159)
At 31 July 2019	40,599	5,088	6,628	23,132	0	75,447
Net book value						
At 31 July 2019	250,420	5,991	62,024	4,915	5,472	328,822
At 31 July 2018	258,704	6,365	63,489	4,672	1,903	335,133
University						
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	290,522	58	68,652	26,175	1,903	387,310
Additions	0	0	0	2,084	4,138	6,222
Transfers	497	0	0	72	(569)	0
Disposals	0	0	0	(2,173)	0	(2,173)
At 31 July 2019	291,019	58	68,652	26,158	5,472	391,359
Depreciation						
At 1 August 2018	31,818	6	5,163	21,565	0	58,552
Charge for the year	8,781	1	1,465	1,922	0	12,169
Disposals	0	0	0	(2,159)	0	(2,159)
At 31 July 2019	40,599	7	6,628	21,328	0	68,562
Net book value						
At 31 July 2019	250,420	51	62,024	4,830	5,472	322,797
At 31 July 2018	258,704	52	63,489	4,610	1,903	328,758

At 31 July 2019, freehold land and buildings included £38.7m (2018 - £38.7m) in respect of freehold land and is not depreciated.

Leased assets included above:

Net Book Value:	£'000
At 31 July 2018	84
At 31 July 2019	12

Notes to the Financial Statements (continued)

Year ended 31 July 2019

12 Heritage assets

The University holds a number of collections of Heritage Assets, including: Arts Collection - approximately 600 oil paintings, watercolours, prints, and drawings, plus 9 sculptures, dating from the 17th to the 21st centuries; Ceramics Collection - contains around 500 pieces on display and in store; Music Collection - approximately 600 ethnographic musical instruments, together with 325 pre-Columbian clay instruments; Geology Collection - around 8,000 rocks and 6,000 fossils from all over the world; Natural History Collection - composed of around 40,000 specimens (of which around 500 are on display); Welsh Antiquities Collection - and other antiquities are held on display in the Gwynedd Museum & Art Gallery; and a Manuscripts Collection - the Library has around 16,500 books of rare or special significance and the Archives Department holds around 80 collections, mostly of estate and family papers from the counties of north Wales, together with private papers of prominent individuals and a miscellaneous collection of literary, historical and antiquarian records.

The University's Heritage Assets are documented and were valued at £12.3m for insurance purposes only. This value is not reflected in the University's Financial Statements.

13 Service concession arrangements

The University has two on Balance Sheet service concession arrangements, the St Mary's and Ffriddoedd Road sites, where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concessions included on the Balance Sheet as at 31 July 2019 is £62,024k (1 August 2018 £63,489k). The decrease of £1,465k results from depreciation charges during the year.

Movement in service concession arrangement liabilities

The total liabilities relating to the service concessions included on the Balance Sheet as at 31 July 2019 were £64,782k (1 August 2018 £66,128k). The decrease of £1,345k results from depreciation charges during the year.

Future commitments

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

	Payable in 1 year	Payable in 2-5 years	Payable in 6 years or more	Total
	£'000	£'000	£'000	£'000
Liability repayments	1,438	5,555	57,790	64,783
Finance charge	3,585	13,410	38,812	55,807
Service charge	1,871	9,660	75,696	87,227
	<u>6,894</u>	<u>28,625</u>	<u>172,298</u>	<u>207,817</u>

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

a) Ffriddoedd Road scheme

On 6 October 2006 the University entered into a 29 year contract with a third party provider for the provision and maintenance of accommodation to 1,136 students.

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

The service commenced on 1 October 2009 and the contract will finish on 30 September 2038.

b) St Mary's scheme

On 23 July 2014 the University entered into a 40 year contract with a third party provider for the provision and maintenance of accommodation to 602 students.

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

The service commenced on 25 September 2015 and the contract will finish on 24 September 2055.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

14 Non-Current Investments	Subsidiary companies (Note 27)	Associate companies (Note 27)	Joint venture (Note 15)	Other non- current investments	Total
Consolidated	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	0	50	0	6,134	6,184
Release in Year	0	0	0	(32)	(32)
Revaluation	0	0	0	(34)	(34)
At 31 July 2019	0	50	0	6,068	6,118
University					
At 1 August 2018	0	50	50	6,134	6,234
Release in Year	0	0	0	(32)	(32)
Revaluation	0	0	0	(34)	(34)
At 31 July 2019	0	50	50	6,068	6,168

Non-current investments are stated at cost with the exception of the University's managed funds which are stated at market value.

Other non-current investments consist of :

CVCP Properties plc

Laser Micromachining Ltd

Managed funds in equities and fixed interest securities

University

£'000

33

80

5,955

6,068

Managed funds are held with UBS Asset Management (UK) Limited and HSBC Private Bank (UK) Limited who are licensed by the Financial Conduct Authority.

15 Investment in joint venture

The University holds a 50% share (50,000 £1 Ordinary shares) of P&O Maritime Ocean Sciences Limited, a company registered in England, which undertakes the chartering of a research vessel. This is a joint venture company owned equally by the University and P&O Maritime Services (UK) Limited. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated Statement of Comprehensive Income.

Income and expenditure account	2018/19	2017/18
	£'000	£'000
Share of income	606	460
Share of expenditure	(543)	(435)
Share of surplus for year	63	25
Balance sheet	2019	2018
	£'000	£'000
Fixed assets	226	289
Current assets	366	347
	592	636
Creditors: amounts due within one year	(185)	(176)
Creditors: amounts due after more than one year	(270)	(386)
	(455)	(562)
Share of net assets	137	74

Notes to the Financial Statements (continued)

Year ended 31 July 2019

16 Stock	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Catering and retail stocks	109	78	91	70
	<u>109</u>	<u>78</u>	<u>91</u>	<u>70</u>

17 Trade and other receivables	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade receivables	11,362	10,528	10,333	9,522
Other receivables - taxation recoverable	0	0	0	0
Prepayments and accrued income	9,662	9,602	9,242	9,232
Amounts due from subsidiary companies	0	2,759	0	1,725
Amount due from joint venture	200	200	152	152
Prepayment to joint venture	50	50	50	50
	<u>21,274</u>	<u>23,139</u>	<u>19,777</u>	<u>20,681</u>
Amounts falling due after one year :				
Amounts due from subsidiary companies	0	1,888	0	0
Loan to joint venture	300	300	525	525
Prepayment to joint venture	83	83	133	133
Prepayment to subsidiary undertaking	0	2,064	0	2,201
	<u>21,657</u>	<u>27,474</u>	<u>20,435</u>	<u>23,540</u>

18 Current investments	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	10,463	10,463	0	0
	<u>10,463</u>	<u>10,463</u>	<u>0</u>	<u>0</u>

19 Creditors : amounts falling due within one year	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Obligations under finance leases	12	12	71	71
Service concession arrangements (Note 13)	1,438	1,438	1,346	1,346
Secured loans	567	567	532	230
Unsecured loans	2,220	2,220	2,326	2,326
Bank Overdraft	34	34	0	0
Creditors	8,109	7,952	8,895	8,920
Social security and other taxation payable	1,805	1,704	1,753	1,646
Accruals and deferred income	18,643	17,697	21,674	20,495
Amounts due to joint venture	212	212	109	109
Amounts due to subsidiary undertakings	0	439	0	73
	<u>33,040</u>	<u>32,275</u>	<u>36,706</u>	<u>35,216</u>

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

Research grants received on account	3,841	3,841	4,233	4,233
Funding Body grants	1,634	1,634	910	910
Other	607	607	960	960
	<u>6,082</u>	<u>6,082</u>	<u>6,103</u>	<u>6,103</u>

Notes to the Financial Statements (continued)

Year ended 31 July 2019

20 Creditors : amounts falling due after more than one year

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	274	83	291	291
Obligations under finance lease	0	0	13	13
Service concession liabilities due after one year	63,345	63,345	64,782	64,782
Secured loans	67	67	2,511	322
Unsecured loans	39,774	39,774	39,798	39,798
	103,460	103,269	107,395	105,206
Analysis of secured and unsecured loans:				
Due within one year or on demand	2,787	2,787	2,858	2,556
Due between one and two years	2,912	2,668	2,912	3,214
Due between two and five years	8,542	8,239	8,542	9,448
Due in five years or more	28,387	28,933	30,855	27,458
Due after more than one year	39,841	39,841	42,309	40,120
Total secured and unsecured loans	42,628	42,628	45,167	42,676
Secured loans repayable by 2026	634	634	3,043	552
Unsecured loans repayable by 2033	41,994	41,994	42,124	42,124
	42,628	42,628	45,167	42,676

Included in loans are the following:

Borrower	Amount £'000	Maturity	Interest rate %	Lender
University	322	2020	LIBOR + 1.45%	Bank of Scotland plc
University	2,334	2029	0%	Salix Energy Efficiency Loans
University	22,418	2033	Fixed 3.913%	European Investment Bank
University	17,554	2033	Fixed 2.135%	European Investment Bank
Total University	42,628			

Notes to the Financial Statements (continued)

Year ended 31 July 2019

21 Provisions for liabilities	USS deficit	Local scheme	Total Pensions Provisions	Restructuring Provision	Total Other
	£'000	£'000	£'000	£'000	£'000
Consolidated and University					
At 1 August 2018	12,533	0	12,533	0	0
Staff cost	0	281	281	0	0
Deficit Contribution	(633)	(200)	(833)	0	0
Finance cost	271	16	287	0	0
USS 2017 Valuation / GMP adjustment	18,158	1,164	19,322	0	0
Movement on Pension Scheme	0	(1,261)	(1,261)	0	0
Additions	0	0	0	738	738
At 31 July 2019	30,329	0	30,329	738	738

USS deficit

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

Local scheme deficit

Defined benefit obligations at 1 August 2018 related to the liabilities under the University's BUPAS pension scheme. Further details are given in Note 29.

Restructuring Provision

The University agreed a restructuring programme in the autumn of 2018 in response to the lower than expected level of student recruitment.

22 Endowment reserves	Restricted permanent endowments	Unrestricted permanent endowments	Restricted expendable endowments	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000
Consolidated and University					
At 1 August					
Capital	4,377	201	1,639	6,217	5,900
Accumulated income	784	6	233	1,023	846
	5,161	207	1,872	7,240	6,746
New endowments	0	0	6	6	167
Investment income	153	7	57	217	160
Expenditure	(70)	(13)	(243)	(326)	(150)
Increase in market value of investments	(25)	(1)	(8)	(34)	317
Total endowment comprehensive income/(expenditure) for the year	58	(7)	(188)	(137)	494
At 31 July	5,219	200	1,684	7,103	7,240
Represented by:					
Capital	4,352	200	1,631	6,183	6,217
Accumulated income	867	0	53	920	1,023
	5,219	200	1,684	7,103	7,240
Analysis by asset					
Non-current asset investments				5,955	6,021
Cash & cash equivalents				1,148	1,219
				7,103	7,240

Notes to the Financial Statements (continued)

Year ended 31 July 2019

23 Other restricted reserves

Reserves with restrictions are as follows:

	2019	2018
	Donations	Donations
	£'000	£'000
Consolidated and University		
At 1 August	533	488
New donations	186	212
Investment income	0	0
Expenditure	(139)	(167)
Increase in market value of investments	0	0
Transfer between reserves	0	0
Total restricted comprehensive income for the year	47	45
At 31 July	580	533

24 Cash and cash equivalents

	2019		2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
At 1 August	32,448	32,225	31,045	30,556
Cashflows	(13,036)	(13,234)	1,403	1,669
At 31 July	19,412	18,991	32,448	32,225

25 Capital and other commitments

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

	2019		2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Commitments contracted for	495	495	2,372	2,372
	495	495	2,372	2,372

26 Lease obligations

Total rentals payable under operating leases:

			2019	2018
	Land and buildings	Other leases	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	286	1,108	1,394	1,099
Future minimum lease payments due:				
Not later than 1 year	246	860	1,106	1,058
Later than 1 year and not later than 5 years	755	1,352	2,107	2,873
Later than 5 years	14,294	0	14,294	14,577
Total lease payments due	15,295	2,212	17,507	18,508

27 Events after the reporting period

As set out in Note 29 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £12.1 million in the provision for the Obligation to fund the deficit on the USS pension which would instead be £18.2 million. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

There are no other post balance sheet events to report.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

28 Subsidiary and associate company undertakings Pension Schemes

	Status	Share Capital Held	Country of Registration	Principal Activity
North West Wales Management Development Centre Limited	100%	1 £1 Ordinary share	Wales	Management courses, conferencing and accommodation
UNDEB (Trading) Cyfyngedig	100%	2 £1 Ordinary shares	Wales	Certain commercial activities in support of the Students' Union
Menai Science Park Limited	100%	1 £1 Ordinary share	Wales	Development of a science park
The Shellfish Centre	-	Limited by guarantee	Wales	Shellfish processing and research
Naturiol Bangor Limited	20%	20 £1 Ordinary shares	Wales	Natural materials research
Holding acquired at a cost of £50,000				
Suprex Limited	40%	3,600 £0.01 Ordinary shares	Wales	Chemical processing and research services
Holding acquired at a cost of £36 on the 9 June 2016				

The financial statements do not incorporate Naturiol Bangor Limited, Suprex Limited or The Shellfish Centre as the results and assets and liabilities of these companies are not considered material.

29 Pension Schemes

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

- Universities' Superannuation Scheme (USS)
- Bangor University Pension and Assurance Scheme 1978 (BUPAS)
- The Government's workplace pension scheme (NEST)

A small number of staff remain in other schemes that are not open to new members.

29A The Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the Statement of Comprehensive Income is £8,359k (2018: £8,085k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

Since the University cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

29A The Universities Superannuation Scheme (continued)

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%
Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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

	<u>Pre-retirement</u>
Mortality Base Table	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post-retirement</u>
	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future Improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and a 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65	24.6	24.5
Females currently aged 65	26.1	26.0
Males currently aged 45	26.6	26.5
Females currently aged 45	27.9	27.8

Existing benefits:

Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

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

At the year end the University has recognised a provision of £30.3m (2018 - £12.5m) in respect of the liability for the contributions payable under the deficit recovery plan. The calculation of the liability is based on a number of assumptions which could represent a source of material uncertainty within the financial statements.

In accordance with the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education 2015, the University currently recognises a provision for its obligation to fund past deficits arising within the USS. The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 13 years remain. Details of this provision, which has been discounted at a rate of 1.58% as at 31 July 2019, are included in note 21 to the financial statements.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £18.2 million, a decrease of £12.1 million from the current year end provision and a lower face of the Statement of Comprehensive Income of £12.2 million.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

29A The Universities Superannuation Scheme (continued)

	2018/19 £'000	2017/18 £'000
Deficit at 1 August	(12,533)	(13,680)
Net interest cost	(271)	(253)
Current service cost	(7,726)	(6,228)
Change in deficit reduction plan assumptions	(18,158)	(457)
USS pension cost in consolidated Statement of Comprehensive Income	(26,155)	(6,938)
Contribution from University	8,359	8,085
Deficit at 31 July (Note 21)	(30,329)	(12,533)

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

The key assumptions of the USS liability calculation are the discount rate, salary inflation and staff member changes in the scheme. For the calculation of the provision at the 31 July 2019 the assumption values were as follows:

- Discount rate 1.58% (2018 : 2.16%)
- Salary growth 2% for the duration (2018 : 4% for the duration)
- Member growth 2020 : 0.95%, 2021 : (5.19)%, 2022 : (0.99)%, 2023 : (4.94)% and 0% thereafter

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year. Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £30.3m (assuming the same discount rate of 1.58%).

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit.

The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

- 0.5% p.a. increase/(decrease) in discount rate will change the provision by +/- £1.25m
- 1% p.a. increase in salary inflation over the duration will increase the provision by £2.6m
- 1% increase in staff changes in each of the first 5 years will increase the provision by £1.4m
- 0.5% increase in staff changes over the duration of the plan will increase the provision by £1.3m
- 1 year increase in deficit recovery term will increase the provision by £1.6m

29B Bangor University Pension and Assurance Scheme 1978 (BUPAS)

The University operates a defined benefit pension scheme for ancillary and support staff, the Bangor University Pension and Assurance Scheme 1978 (BUPAS). The scheme is externally funded and was contracted out of the State Second Pension (S2P) until 31 March 2016.

The last formal triennial actuarial valuation of the scheme was performed as at 1 August 2017 by a professionally qualified actuary.

During the year, the University paid contributions to the pension scheme at the rate of 19.50% (2018:18.35%)

The total cost of contributions paid by the University was £1,832k (2018: £1,755k). The University paid a further contribution of £200k (2018: £700k) towards the scheme's deficit repair plan.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

29B Bangor University Pension and Assurance Scheme 1978 (BUPAS) (continued)

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 at the year ended 31 July are:

	2019	2018
	% p.a.	% p.a.
Price inflation (RPI)	3.40%	3.35%
Price inflation (CPI)	2.40%	2.35%
Rate of increase in salaries	3.70%	3.65%
Rate of increase of pensions in payment for BUPAS members	2.25%	2.20%
Increases to deferred pensions before retirement	2.40%	2.35%
Discount rate	2.10%	2.70%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments at the year ended 31 July based on the life expectancy of male and female members at age 65.

	2019		2018	
	Male	Female	Male	Female
Member aged 65 retiring today	20.6	23.6	21.1	24.0
Member aged 45 retiring in 20 years	22.0	25.1	22.5	25.6

The major categories of scheme assets were as follows:

	2018/19	2017/18
	£'000	£'000
Equities	111,820	108,123
Liability driven investments	26,374	31,261
Property	6,283	6,088
Cash	18,542	744
Total market value of assets	163,019	146,216

The scheme has no investments in the University or in any property occupied by the University.

Total return on scheme assets:

	2018/19	2017/18
	£'000	£'000
Interest income	3,927	3,402
Return on plan assets (excluding amount included in net interest expense)	14,451	7,599
Total	18,378	11,001

Analysis of the amount shown in the balance sheet:

	2018/19	2017/18
	£'000	£'000
<i>Reconciliation of Assets</i>		
At 1 August	146,216	136,927
Benefits paid	(4,506)	(4,542)
Administration expenses	(394)	(536)
Employer contributions	3,251	3,286
Employee contributions	74	80
Interest income	3,927	3,402
Return on assets	14,451	7,599
At 31 July	163,019	146,216

Notes to the Financial Statements (continued)

Year ended 31 July 2019

29B Bangor University Pension and Assurance Scheme 1978 (continued)

Analysis of the amount shown in the balance sheet (continued):	2018/19 £'000	2017/18 £'000
<i>Reconciliation of Liabilities</i>		
At 1 August	(136,623)	(143,345)
Benefits paid	4,506	4,542
Service cost	(2,938)	(3,152)
Employee contributions	(74)	(80)
Interest expense	(3,684)	(3,567)
Actuarial (loss) / gain	(16,421)	8,979
(Loss) / gain on plan introductions and changes	(1,164)	0
At 31 July	(156,398)	(136,623)
Net pension carried forward / (liability/provision) (Note 20)	6,621	9,593

£6,985k of the Actuarial Gain in 2017/18 was recognised against the provision in Note 21. £6,621k represents the balance carried forward but not recognised as an asset in the University's Balance Sheet.

Defined Benefit Asset to be recognised	0	0
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Under section 28.22 (Employee Benefits - Defined benefit plan asset) of FRS 102 the University does not recognise the surplus of the scheme as it is unable to recover the surplus through reduced contributions in the future or through refunds from the plan.

The Trust Deed provides for the University to unilaterally wind up the Bangor University Pension and Assurance Scheme, in which event any residual amounts after settling all scheme obligations are repayable to the University. As a result the University has determined that it has an unconditional right to a refund on wind-up. However, the Trust Deed also provides for the Fund Trustees to transfer annuity policies into individual members' names without requiring the University's consent. Due to the existence of those Fund Trustees rights, the University considers it appropriate to not recognise the surplus within the financial statements in respect of the Pension Fund.

As a result the information below is for disclosure purposes only and is not recognised within the financial statements.

Accounting for the BUPAS pension scheme resulted in the recognition of an additional charge of £1.364m (2018 - £0.7m) to staff costs and a credit of £0.243m (2018 - £(0.165m)) to interest income. As the University is not able to recognise the surplus an additional amount of £1.002m (2018 - £6.985m) was recognised in the Consolidated Statement of Comprehensive Income and Expenditure. The adjustment had no effect on net assets and the income and expenditure reserves.

30 Related party transactions

Included within the financial statements are financial transactions with the following related parties in which the University does not have a controlling interest. All transactions are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The value of these transactions reflected in the accounts for the year ended 31 July 2019 are set out below.

Organisation	Note	Income £'000	Expenditure £'000	Due from / (to) at 31 July 2019 £'000
Bangor University Students' Union		43	1,311	(1)
P&O Maritime Ocean Sciences Ltd	15	54	970	421

Other transactions with related parties involving members of the University's Council are disclosed under Note 7.

Notes to the Financial Statements (continued)

Year ended 31 July 2019

31 Bursaries

The University is the paying agent on behalf of the National Health Service and the Welsh Government in respect of bursaries and expenses made available for students studying nursing and teacher training. The sums paid are:

	2018/19 £'000	2017/18 £'000
Nursing	4,723	4,263
Teacher Training	345	328
	<u>5,068</u>	<u>4,591</u>

The bursaries and related disbursements are excluded from the Statement of Comprehensive Income.

32 Financial Instruments

		2019		2018	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets					
<i>Financial assets measured at cost:</i>					
Cash and cash equivalents	24	19,412	18,991	32,448	32,225
<i>Financial assets measured at fair value:</i>					
Non-current investments	14	5,955	5,955	6,021	6,021
<i>Financial assets measured at cost less impairment:</i>					
Non-current investments	14	83	213	83	213
Trade receivables	17	11,362	10,528	10,333	9,522
Other receivables	17	10,295	16,946	10,102	14,018
		<u>47,107</u>	<u>52,633</u>	<u>58,987</u>	<u>61,999</u>
Financial liabilities					
<i>Financial liabilities measured at cost:</i>					
Trade and other payables	18/19	29,077	28,121	32,722	31,534
<i>Financial liabilities measured at amortised cost:</i>					
Loans	18/19	42,628	42,628	45,167	42,676
Service concession arrangements	18/19	64,783	64,783	66,128	66,128
Finance leases	18/19	12	12	84	84
		<u>136,500</u>	<u>135,544</u>	<u>144,101</u>	<u>140,422</u>

The income and expenditure in respect of the financial instruments is summarised below:

		£'000	£'000	£'000	£'000
Total investment income for financial assets at cost	5	303	450	139	277
Total investment income for financial assets at fair value	5	217	217	160	160
Total interest expenditure for financial liabilities at amortised cost	8	5,365	5,247	5,443	5,413

The University enters into predominantly non-complex or short term transactions resulting in basic financial instruments. As such the risk associated with the assets and liabilities outlined above is deemed by the University to be relatively low. The financial assets measured at cost are mainly in the form of cash or cash equivalents held with financial institutions on deposit. Financial assets measured at market value are exposed to the risk of changes in market prices. These are actively managed by professional fund managers according to an investment strategy set by the University.

For further details on terms and conditions associated with loans refer to Note 20.