

*Financial Statements  
for the  
Year ending  
31 July 2015*



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## UNIVERSITY TRUSTEES

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The University's Trustees for the year ended 31 July 2015, and subsequently to the Council meeting where these financial statements were formally approved, were:

### Independent Members

#### Ex-officio

Sir Emyr Jones Parry, Chancellor and Chair of Council (6/6)  
Mrs Elizabeth France CBE, Pro-Chancellor (6/6)  
Miss Gwerfyl Pierce Jones, Pro-Chancellor (6/6)  
Dr Glyn Rowlands, Pro-Chancellor (5/6)  
Dr Timothy Brain OBE, Treasurer (6/6)

#### Appointed directly to Council

Mr George Ashworth (from 01 August 2015)  
Ms Anne Davies (5/6)  
Mrs Janet Davies (4/6)  
Mr Keith Evans (5/6)  
Mr Richard John (4/6)  
Prof Wynne Jones OBE (until 31 July 2015) (3/6)  
The Right Honourable Elfyn Llwyd (from 01 August 2015)  
Mr Ian MacEachern OBE (6/6)  
Dr Emyr Roberts (from 01 August 2015)  
Prof Gareth Roberts (until 31 July 2015) (5/6)  
Sir John Skehel (until 31 July 2015) (2/6)

### Staff / Student Members

#### Ex-officio

Prof April McMahon, Vice-Chancellor (6/6)  
Ms Rebecca Davies, Pro Vice-Chancellor (6/6)  
Prof John Grattan, Pro Vice-Chancellor (4/6)  
Dr Rhodri Llwyd Morgan, Pro Vice-Chancellor (6/6)  
Prof Chris Thomas, Pro Vice-Chancellor (5/6)

#### Senate Members

Prof Neil Glasser (5/6)  
Dr Joseph Ironside (6/6)  
Dr Jenny Mathers (from 30 September 2015)  
Prof David Trotter † (until 24 August 2015) (2/2)

#### Non-academic Staff Member

Mr Nigel Thomas (until 30 October 2015) (5/6)  
Ms Jackie Sayce (from 31 October 2015)

#### Student Representative Members

Mr Lewis Donnelly, Aberystwyth University Students' Union President (from 01 July 2015)  
Mr Jacob Ellis, Aberystwyth University Students' Union President (until 30 June 2015)  
Miss Hanna Merrigan, UMCA President (from 01 July 2015)  
Miss Miriam Williams, UMCA President (until 30 June 2015)

Attendance information is provided for those Council members serving during the year ended 31 July 2015, expressed as the number of Council meetings attended out of a total number of meetings the member was due to attend.

## PROFESSIONAL ADVISORS

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### **External auditor and corporate tax advisors**

#### **KPMG LLP**

1 St. Peter's Square  
Manchester  
M2 3AE

#### **Internal auditor**

Deloitte LLP  
The Pinnacle  
150 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1FD

#### **Bankers**

Lloyds Bank  
4th Floor  
St William House  
Tresillian Terrace  
Cardiff  
CF10 5BH

#### **Solicitors**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

Bond Dickinson LLP  
3 Temple Quay  
Temple Back East  
Bristol  
BS1 6DZ

#### **Actuarial and pension advisors**

Mercer Limited  
1 Tower Place West  
Tower Place  
London  
EC3R 5BU

## TREASURER'S REPORT

### Results for the Year

In 2014-15 the University delivered sound financial results against a backdrop of a key year of turbulence of the recovery plan. A small surplus indicates that changes in the structural cost base of the University have been well managed and the surplus has resulted in a real growth of liquid assets, not by accounting nuances.

The first phase of the new purpose-built en-suite student accommodation in Fferm Penglais was completed and the balance sheet reflects this change in fixed assets along with recognising the debt taken on to achieve its build.

Income has grown primarily by the increase in accommodation income and the third cohort of students joining on the £9k per annum set tuition fee.

The summarised income and expenditure account for the year ended 31 July 2015, together with comparative figures is as follows:

Income and Expenditure	2014-15 £ million	2013-14 £ million
Income	131.1	127.7
Expenditure	129.1	127.2
Surplus on Continuing Operations after Depreciation	2.0	0.5
Asset Impairment	(1.2)	–
Asset Disposals	(0.2)	0.2
Surplus on continuing operations	0.6	0.7
<i>Split between</i>	<i>0.4</i>	<i>0.4</i>
<i>Transferred to Endowment Funds</i>	<i>0.2</i>	<i>0.3</i>
<i>Retained with General Reserves</i>		

*Note: The Historical Cost Surplus was £2.5m in 2014-15 (£2.7m in 2013-14)*

### Financial Health Ratios

The University utilises a number of Key Performance Measures to manage the financial health of the University and changes at the end of July 2015 are summarised as follows:

- The Primary (cash) reserve cover has improved from 92 days to 101 days driven by a £3m increase in cash and low levels of forecast expenditure growth.
- The Debt ratio has decreased as the University has taken on debt to fund the new student accommodation, but still indicates a strong position.
- The retained result, broadly in line with last year, indicates that expenditure has been balanced in a difficult year of recovery.

Key Ratios	2014-15	2013-14
Primary (cash) reserve cover <i>Coverage of future days of expenditure</i>	101 days	92 days
Debt ratio <i>Liquid assets as a % of debt</i>	60%	82%
Replenishment ratio <i>Retained result as a % of total income</i>	0.4%	0.5%

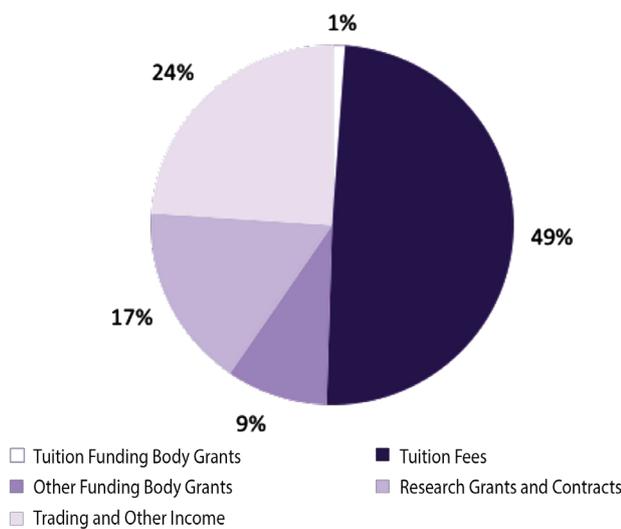
## TREASURER’S REPORT (continued)

### Income

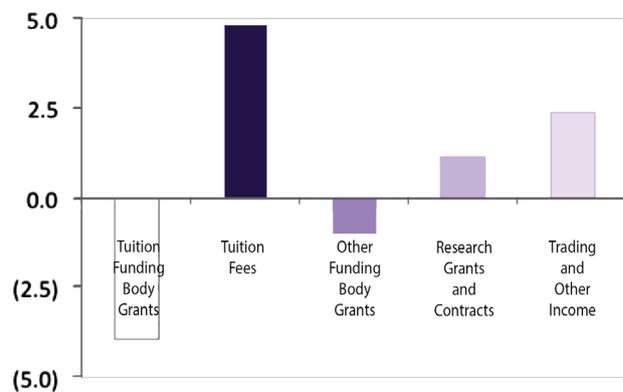
During the year, total income received by the University has grown by £3.4m (2.7%).

The total income from tuition fees and funding body grants relating to tuition remained flat at £78.3m (£78.2m in prior year). There is a different mix in fees however as the increase in tuition fee (due to the third cohort of students paying the £9k fee) was balanced by a fall in Funding Council income. The overall growth in income has been driven by growth in Research Grants and Contract income and by growth in other income.

**Income Sources (2014-15)**



**Income Change £m (2014-15 vs 2013-14)**



One of the University’s key strategic aims is to increase its Research Activity which in turn supports teaching activity. Despite the competitive market for Research Funding it is encouraging to note that the University has recorded an increase of 5% in Research income to £21.6m (£20.5m in prior year).

The growth in Other Income reflects compensation received in relation to delays in a capital project.

## TREASURER'S REPORT (continued)

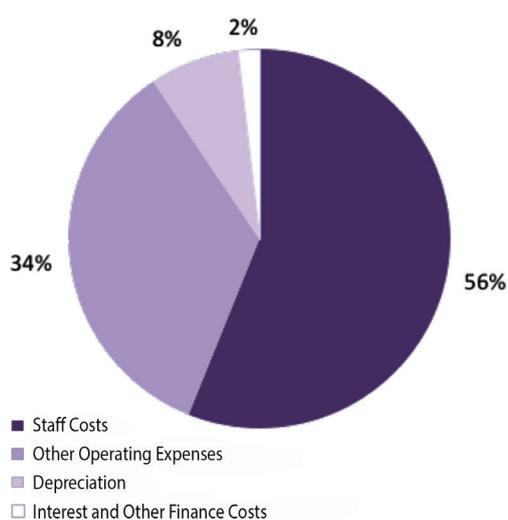
### Expenditure

Effective management of the cost base has enabled the small surplus for the year.

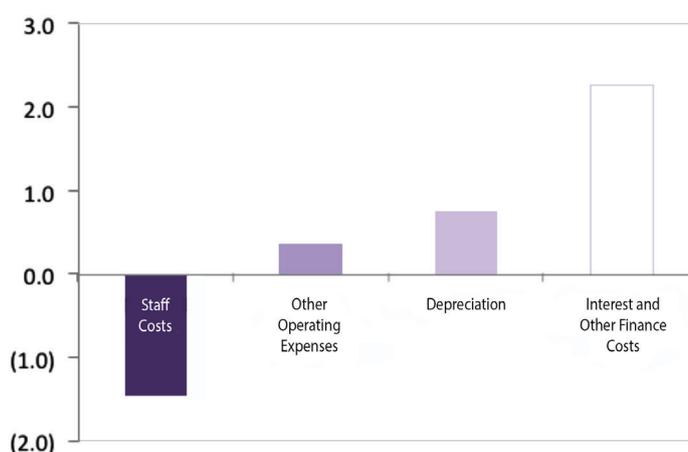
Total University operational expenditure before exceptional items decreased by £0.4m (0.3%) and excluding inflation, by £3.3m (2.6%). After rises in Interest and Other Finance Costs of £2.3m, overall expenditure increased by £1.9m (1.5%).

Staff costs account for 56% of the University costs and this has decreased by £1.5m (2.0%) compared to 2013-14 and excluding staff cost inflation, by £4.4m (6.0%). This indicates the restructuring, including management of replacement posts has been successful to date.

**Expenditure Split (2014-15)**



**Expenditure Change £m (2014-15 vs 2013-14)**



The University experienced a one off exceptional item of expenditure in relation to the impairment of assets. During the year the University undertook a full review and revaluation of its assets in preparation for presenting the accounts under the new FRS102 format. This review identified the need to impair assets by £1.2m.

### Balance Sheet

Overall, net assets are in line with the position in 2013-14. The total value of net assets has increased from £177.6m to £178.3m and excluding deferred capital grants from £122.0m to £126.7m. All key areas of the balance sheet have strengthened except for long term creditors which reflects the loan funding need for Fferm Penglais residences.

£ millions	Tangible Assets	Endowments	Bank & Cash	Long Term Creditors	Pension Liability
2014-15	189.9	44.7	28.8	55.3	13.2
2013-14	153.9	43.0	25.3	39.5	17.0
Movement	↑	↑	↑	↑	↓

FRS102 will take effect in next year's 2015-16 financial statements and the largest impacts will be the inclusion of the University's share of the USS Pension Fund and the revaluation of the University's estate.

## TREASURER'S REPORT (continued)

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### Tangible Fixed Assets

Tangible assets cost has increased year on year from £153.9m to £189.9m as a result of additions of £47.2m. The depreciation charge of £9.7m and impairment charge of £1.2m also contribute to the change at net book value. During the year we have recognised additional student residences worth £44.6m in relation to Fferm Penglais. £30.3m of this asset was not completed and therefore included under long term debtors in 2014-15. Only the operational proportion of this building is being depreciated.

In support of this capital expenditure long term creditors increased by £15.8m as a result of the financing required for the capital spend on the Fferm Penglais construction that was operational.

### Endowments

The value of endowments increased from £43.0m to £44.7m.

#### Endowment Investment Performance

The administration of our endowment investments continues much as before. In overall terms, the portfolio total return was 7.1%, which was in line with the blended benchmark return of 7.5%.

This was a year in which the FTSE All Share Index returned 5.4%, the World ex UK Index returned 12.7%, and UK Corporate Bond index returned 7.6%. The IPD UK All Balanced Property index returned 15.5%.

#### Endowment Positioning and Outlook

As at 31 July 2015, the portfolio was positioned close to its strategic asset allocation targets. The total allocation to equities (UK, Overseas and Private) was 54.1%, which is broadly in-line with the target allocation of 55%. Across the rest of the portfolio, there were slight underweights in Absolute Return (29.1% vs. 30.0%), Investment Grade Credit (8.9% vs. 10%), whilst Property (5.2% vs. 5.0%) and cash (2.6% vs. 0%) are slightly overweight.

Looking at the valuation of equity markets, which is an important factor in future long term returns, we find price risk remains concentrated in the US, while stock markets outside the US are trading at more reasonable valuations relative to long term averages. The endowments' current structural bias away from the US is aligned with this valuation view. Within fixed income, bond yields remain near historic lows and carry some price risk should interest rates increase. As a result, there remains a purposeful underweight to the fixed income policy target for this asset class.

### Cash and Short - Term Deposits

Cash and Short-Term Deposits have increased from £25.3m to £28.8m. Over the past three years the University has grown its cash position. As a consequence the University's Primary (Cash) Reserve metric has increased to 101 days (2014: 92). This level of liquidity is appropriate to meet the day-to-day operational needs of the organisation.

## TREASURER'S REPORT (continued)

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### Pensions

Like many organisations, defined benefit funded pension schemes remain a significant liability and risk. At the start of the year the University offered two defined benefit schemes (AUPAS and USS) to its staff. During the year the University established a defined contribution scheme to replace the AUPAS scheme. In addition the University has three members in the Dyfed defined benefit scheme. The pension cost decreased by 3.4% from £9.6m to £9.3m reflecting a 1.5% decrease in staff salaries in general.

#### University Pension and Assurance Scheme (AUPAS) and Dyfed Pension Fund (DPF)

As set out in note 25, the Aberystwyth University Pension and Assurance Scheme is a defined benefit scheme and assets and liabilities are re-measured each year by its actuaries. The Pension deficit for AUPAS and DPF (compliant with FRS 17) decreased from £17.0m to £13.2m.

On 31st March 2015 the Aberystwyth University Pension and Assurance Scheme closed to further contributions.

#### Aberystwyth University Pension Plan (AUPP)

From 1st April 2015, existing and new staff contributions accrue to the new defined contribution scheme administered by L&G.

#### University Superannuation Scheme (USS)

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

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuations' date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

### Reserves

The University's income and expenditure account reserves at 31 July 2015, have grown from £39.1m to £44.0m.

The balance sheet is valued at historical cost, therefore does not take account of the underlying market value of the assets which have been valued over £70m in excess of the carrying value.

The University is committed to move to a position of generating significant surpluses in the medium term in order to enhance reserves.

### Recovery Plan

There have been many moving parts to the recovery plan and it is reassuring that fundamental infrastructure changes are on track as evidenced in this year's results (a small surplus against a significant budget deficit).

Deficits are projected for the next two years, one year later than anticipated as student numbers are reaching their low point one year later than planned.

To date, recovery plan focus has been on improvements of the University's internal infrastructure. Going forward the plan envisages new and differentiated sources of surplus generation, including those from commercial activities, and this will be a focus point in future years.

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## TREASURER'S REPORT (continued)

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### Outlook and Future

#### Operations and the competitive environment

Higher Education in the UK is a much higher risk environment in 2015 than it was in 2010 driven by the changes in funding regime. The ability to attract and retain students is of paramount importance to the sustainability of the vast majority of universities in the UK. The key challenges the University is working to meet are:

- the increasingly competitive market for students;
- working with income levels which are variable in line with student numbers;
- attracting overseas students in an environment where UK is tightening post graduate residency;
- less public sector funding available for grant funding; and
- continuing investment within estates and ensuring successful student success measures.

The University will invest in appropriate stimulus activities designed to allow individual departments to better connect to prospective students and also review the overall marketing and recruitment proposition. The University will continue to make a major investment in its estate which will add strain to its financial position over the next few years before robust student numbers are seen.

The University will also continue to follow an efficiency agenda which will involve doing more with less.

#### Development

Major developments needed to maintain the University's international standing over the coming years will involve:

- the creation of the new Innovation and Enterprise Campus;
- launch and development of the Mauritius Branch Campus; and
- preparation and plans to renovate the Old College in a few years' time

#### New Financial Standards

The financial statements for 2015-16 will be prepared under FRS102. The 2014-15 financial statements will need to be restated and the most significant changes will be:

- the University's interest in the USS pension scheme will be included;
- Land and Buildings assets will be revalued;
- employee holiday liability will be included; and
- deferred capital grants will be shown under net assets rather than under reserves.

In addition, consolidated financial statements will be necessary for the 2015-16 accounts to include the interests in Aberystwyth University Mauritius Branch and the Innovation and Enterprise Campus.

2014-15 was a year of some considerable change in the Finance Department, with three individuals holding responsibility for the director's post. Accordingly, I would like to record my appreciation for the work of Peter Curran, Director of Finance until January 2015, who has become a Corporate Director of Sports Wales, to Eiddig Morgan, who undertook the role of Temporary Director of Finance before the arrival of Daniel Benham, formerly of the International Baccalaureate Organisation, as the new Director of Finance in March 2015. I am most grateful to them and all members of the Finance Department for their hard work and endeavour.

**Dr Timothy Brain, OBE QPM BA PhD FRSA CMI**  
**Treasurer**  
**4 December 2015**

## CORPORATE GOVERNANCE AND INTERNAL CONTROL

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In accordance with Aberystwyth University's 2014 Supplemental Royal Charter, the institution's Council is "the supreme governing body of the University" and is responsible for "determining the University's strategic direction and for the conduct of the University's financial, administrative and other affairs, in accordance with its objects".

In accordance with the requirements of the University's Statutes, the Council consists of: Independent Members (some of which serving in an *ex-officio* capacity); *ex-officio* staff members; and representative members elected by the Senate, the non-academic staff, and the students. The Council may also co-opt additional members should it so wish, although this is not current practice. In total, the membership of the Council shall not exceed 25.

The majority of Council members are non-executive, Independent Members who are not members of staff or students of the University. Further, the role of the Chair of the Council – which can only be undertaken by an Independent Member – is separated from the role of the University's Chief Executive, the Vice-Chancellor.

Aberystwyth University is committed to promoting equality and diversity, and endeavours to be inclusive, valuing the diverse nature of its staff, students and community. All vacancies for Independent Members on the Council are advertised externally, with expressions of interest particularly welcome from under-representative groups. Such expressions of interest are usually considered by the Nominations Committee against the Council's current composition to ensure that members possess a range of skills which meet the University's requirements.

The University aims to conduct its activities in an ethical manner in accordance with the seven principles set out in the Nolan Committee's Report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

The University is also committed to exhibiting best practice in all aspects of corporate governance, applying the core values and associated seven primary elements of governance as set out in the Committee of University Chairs (CUC) 'Higher Education Code of Governance' (December 2014), as well as the relevant principles detailed in the 'UK Corporate Governance Code' issued by the Financial Reporting Council.

During the spring of 2015, the Council undertook a review of governance effectiveness to coincide with the CUC's new 'Higher Education Code of Governance'. The Council applies an approach of continuous improvement to governance and institutional performance, and a number of the enhancements proposed as part of the most recent governance effectiveness review (undertaken during Spring 2015) will be taken forward during the 2015 – 2016 academic year. The previous review of governance effectiveness was conducted during 2011.

The Council's primary responsibilities are set out in both the University's Statutes and Ordinances. By custom, and under the Financial Memorandum agreed with the Higher Education Funding Council of Wales, the Council holds to itself, inter alia, the approval of major development and expenditure, as well as responsibility for the establishment and activities of any subsidiary companies.

The Council met on six occasions during the 2014 – 2015 academic year. Much of the detailed work is initially handled by several sub-committees, including: an Audit and Risk Committee; a Finance and Strategy Committee; a Professional Development, Staffing and Equality Committee; and a Senior Remuneration Committee. All of these sub-committees report their decisions to the Council, and are formally constituted with their own terms of reference and a proportion of their membership drawn from the Independent Members serving on the Council. Detailed information on the membership and responsibilities of these sub-committees can be found on our website.

The Senior Remuneration Committee is constituted to consider and determine matters relating to the remuneration of Senior Staff at the University, within an overall framework approved by the Council as part of this sub-committee's defined terms of reference. In agreeing any changes to the remuneration of the Vice-Chancellor, the Pro Vice-Chancellors and other members of the University Executive Group, the Senior Remuneration Committee is mindful of the affordability of any such determinations. All decisions taken by the Senior Remuneration Committee are reported to the Council.

The University's Council is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and will only provide reasonable – and not absolute – assurance against material misstatement or loss.

The Council is of the view that there is an on-going process for identifying, evaluating, and managing the University's significant risks; that it has been in place for the year ended 31 July 2015, and up to the date of approval of the annual report and financial statements; that it is regularly reviewed by the governing body; and that it accords with the internal control guidance for Directors on the UK Corporate Governance Code, as amended by the British Universities Finance Directors Group.

## **CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

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The Audit and Risk Committee is responsible for meeting with the External Auditors to discuss audit findings, and with the Internal Auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with the management's responses and implementation plans. This sub-committee also monitors adherence with regulatory requirements, and reviews the University's annual financial statements together with accounting policies. In addition, they may be required to investigate instances of non-compliance with legislation and other regulations.

Whilst senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the sub-committee, and sub-committee members may meet with the Auditors on their own for independent discussions.

The University's executive-led Risk Management Committee has formal processes in place for evaluating and managing significant risks faced by the institution on an on-going basis. This involves identifying the types of risks the university faces, prioritising them in term of potential impact and likelihood of occurrence, and agreeing means of mitigating the risks. These risks include business, operation, reputational and financial risks, and are monitored along with the associated controls on an on-going basis, with appropriate reports and recommendations presented to the Council via the Audit and Risk Committee.

The University has an agreed Publication Scheme which sets out the information made publically available by the institution. Further information can be found on our website. Once formally approved by the Council, these financial statements shall be published on the University's website alongside those statements relating to previous academic and financial years.

## PUBLIC BENEFIT STATEMENT

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Aberystwyth University is a Registered Charity (No 1145141) in accordance with the terms of the Charities Act 2011. In setting and reviewing the University's objectives and activities, the University Council has due regard for the Charity Commission's general guidance on public benefit and supplementary guidance for charities established for educational purposes.

Since 1872 the University has promoted excellence in research and teaching under its motto 'Nid byd, byd heb wybodaeth – A world without knowledge is no world at all'. It is our firm belief that the student experience should develop a passion for academic enquiry, learning and personal development which is both lifelong and life-changing. We value innovation and excellence in research in all fields and disciplines and we encourage an inter-disciplinary approach to seek solutions to global issues. We seek to break down barriers to education and work closely with the community to widen access to our provision.

### Teaching

Our core mission is to produce well-educated, skilled and confident graduates, fully equipped for the world of work and for the work of the world. We provide this through excellent teaching across 18 academic areas and embedding employability, transferrable skills and issues of global citizenship into our curriculum. We support a range of projects for learning in the community and a portfolio of part-time and day courses. We recognize our special responsibility to further Welsh medium engagement and promote the Welsh language and are active in encouraging Welsh-speaking students to pursue their studies through the medium of Welsh.

### Research

We possess a long and distinguished record of undertaking cutting edge research of international significance, conducting research that addresses the major challenges society faces, including climate and environmental change, global inequality, space research, international economics, artificial intelligence and cultural identities. We work to engage the public with our research and are establishing ourselves as a centre for research collaborations with business through our future Innovation and Enterprise Campus.

### Widening Participation

Our innovative approach to widening access includes projects aimed at raising school leaver aspirations and we work closely with schools (including Welsh-medium schools) and the local community on activities to improve skills, particularly in STEM (Science, Technology, Engineering and Maths) subjects. We provide a comprehensive range of Bursaries, Entrance Scholarships and Awards and provide a structure of financial support to ensure that students from all backgrounds can enjoy the benefits of Higher Education. We also provide a range of targeted academic and personal support to students to aid retention and promote student success. We work with a range of organisations, including Stonewall, Buttle UK, Athena SWAN, the Equality Challenge Unit and the Welsh Language Commissioner.

### International Reach

We are a thriving international community, welcoming staff and students from over 90 countries worldwide and working in partnership with institutions, businesses and organisations across the world. We are opening a branch campus in Mauritius through which we will expand our global reach and raise the international profile of West Wales Higher Education.

### Community Engagement

We engage fully with our local community through our Arts Centre's thriving cultural programmes (including a wide range of Welsh-medium events and attracting nearly 75% visitors annually), our partnership work with the National Library of Wales and with local schools and community groups, staff and student volunteering and services offered to regional businesses. We support the local hospital and community health programmes, and provide access to high quality sporting facilities and classes for the local community.

## RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL

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The University is committed to best practice in all aspects of corporate governance. The institution's governing body, the Council, is satisfied that the institution has complied throughout the period with the Committee of University Chairs 'Governance Code of Practice and General Principles' (March 2009) and more recently the 'Higher Education Code of Governance' (December 2014), as well as relevant provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between Aberystwyth University's Council and the Higher Education Funding Council for Wales, the University's Council, through the Vice-Chancellor as its designated officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

The Council also has responsibility for the maintenance and integrity of the financial statements which are published on the University's website.

In preparing the financial statements, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

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

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF ABERYSTWYTH UNIVERSITY

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We have audited the University financial statements (the "financial statements") of Aberystwyth University for the year ended 31 July 2015 which comprise the Income and Expenditure Account, the University Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the University's Council, the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Treasurer's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the University as at 31 July 2015 and of the University's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCW's Accounts direction to higher education institutions for 2014-15 financial statements.

## INDEPENDENT AUDITORS' REPORT (continued)

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### **Opinion on other matters prescribed in the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCW have been applied in accordance with the Financial Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCW's Accounts direction to higher education institutions for 2014-15 financial statements have been met.



**Trevor Rees, Statutory Auditor**

**For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants**

**December 2015**

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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### 1 Basis of Preparation

- 1.1 The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP), applicable Accounting Standards and the Accounts Direction issued by HEFCW.
- 1.2 Consolidated financial statements incorporating the University's subsidiary companies, Abertec Ltd, Aber Trading Ltd, Aber Bangor Ltd and Aberystwyth Innovation and Enterprise Campus Ltd (AIEC) have not been prepared because the results and assets and liabilities of these companies are not considered to be material.
- 1.3 The financial statements do not include those of the Aberystwyth University Students' Union in which the University has no proprietary financial interest and no control or significant influence over policy decisions.
- 1.4 The financial statements have been prepared on a going concern basis.

### 2 Recognition of Income

- 2.1 Income from Research Grants and Contracts and other restricted sources is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the expenditure incurred during the year, together with related contributions towards overhead costs.
- 2.2 Income from tuition and hall fees is recognised in the period for which it is received and included all fees chargeable to students or their sponsors. Where the amount of tuition or hall fee is waived or reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.
- 2.3 Charitable Donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.
- 2.4 Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:
  - (i) 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.
  - (ii) 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.
  - (iii) Restricted Expendable Endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.

Where the donors wishes are unclear or unknown relating to donations received prior to 1 August 2007 the donations have continued to be accounted for as Permanent Endowments in accordance with the accounting practice adopted when the funds were established.

- 2.5 Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.
- 2.6 Non-recurrent grants from the Funding Councils or other bodies received in respect of acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets. Non-recurrent grants for specific purposes are recognised as they are expended, any unexpended elements are treated as deferred income.
- 2.7 All income from short-term deposits is credited to the income and expenditure account in the period which it is earned.
- 2.8 Increases or decreases in value arising on the revaluation of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### 3 Land and Buildings

- 3.1 The University's freehold and leasehold property was revalued on a depreciated replacement value basis as at 31 July 1994. Under the provisions of FRS 15 these assets continue to be carried at the 1994 valuation. Subsequent additions are held at cost.

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life.

Capitalised buildings are depreciated over their useful economic life according to their constituent parts as follows:

Long term e.g. foundations & structure	40 to 60 years
Medium Term e.g. services	10 to 30 years
Short Term e.g. internal fittings	5 to 10 years

These rates have been implemented for all new buildings with effect from 1st August 2011.

Prior to 1st August 2011 buildings were depreciated over 40 years on a straight line basis from the date of valuation or subsequent acquisition.

Major replacement and refurbishment work is capitalised if the work creates or enhances an existing asset, or improves or substantially overhauls an asset. The costs of refurbishments are capitalised and depreciated over varying periods of up to a maximum of 15 years.

- 3.2 Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.
- 3.3 No depreciation is charged on assets in the course of construction, which are accounted for at cost.

### 4 Equipment

- 4.1 Equipment costing less than £10,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.
- 4.2 Capitalised equipment is stated at cost and depreciated on a straight line basis over its expected useful life of five years other than equipment acquired for specific research projects which is depreciated over the life of the project (generally three years).
- 4.3 Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the equipment.
- 4.4 Licences are classified as intangible assets and stated at cost and depreciated over the life of the licence. Capitalised licence costs are subject to regular impairment review and stated at cost less any accumulated impairment losses.

### 5 Heritage Assets

- 5.1 Heritage assets represent paintings, works of art and ceramics held by the University. They are held and maintained principally for their contribution to knowledge and culture. Those items valued at over £10,000 have been capitalised and recognised at the cost or value of acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.
- 5.2 Any costs incurred relating to the restoration or conservation of these assets is included in the Income and Expenditure Account in the year in which it is incurred.

### 6 Maintenance of Premises

- 6.1 The University has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the Income and Expenditure Account.

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## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### 7 Stocks

- 7.1 Stocks, with the exception of farm stocks, are stated at the lower of cost and net realisable value. Farm stocks are included on the basis of a professional market valuation. Stocks held in teaching and service departments, other than Maintenance are not included.

### 8 Investments

- 8.1 Fixed Asset Investments are included in the financial statements at cost less any provision for impairment.
- 8.2 Endowment Asset Investments are included in the financial statements at their market value. Endowment Asset Property was revalued on a depreciated replacement value basis as at 31 July 1994.

### 9 Taxation

- 9.1 The University is a registered charity in accordance with the Charities Act 2006 (now the Charities Act 2011). Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in section 505 of the Income and Corporation Taxes Act 1998 (ICTA)) 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.
- 9.2 All subsidiary companies are liable to Corporation tax and Value Added Tax in the same way as any other commercial organisation.
- 9.3 The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University.
- 9.4 Provision is made for deferred taxation in respect of subsidiary companies using the liability method.

### 10 Pension Arrangements

- 10.1 The University participates in four separate Pension Schemes; the Universities Superannuation Scheme (USS), the Dyfed Pension Fund, the Aberystwyth University Pension and Assurance Scheme (AUPAS) and Aberystwyth University Pension Plan (AUPP). The latter Schemes provide benefits for those staff who are not eligible for membership of USS. The Pension Schemes USS, the Dyfed Pension Fund and AUPAS are defined benefit Schemes which are contracted out of the State Second Pension. The Funds are valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the Schemes. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the Schemes.
- 10.2 As from 1 April 2015 AUPAS was closed to new entrants and to future benefit accrued, a new defined contribution pension scheme, AUPP was set up.
- 10.3 The assets of the USS scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.
- 10.4 The University has fully adopted accounting standard FRS 17 "Retirement Benefits" for the Dyfed Pension Fund and the Aberystwyth University Pension and Assurance Scheme.
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## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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### 11 Provisions and Contingent Liabilities

- 11.1 Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.
- 11.2 Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.
- 11.3 A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

### 12 Cash Flows and Liquid Resources

- 12.1 Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.
- 12.2 Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as Endowment Assets Investments.

### 13 Leases

- 13.1 Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.
- 13.2 Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.
- 13.3 Lease payments are apportioned between:
- a charge for the acquisition of the interest in the property, plant or equipment applied to write down the lease liability; and
  - a finance charge.
- 13.4 Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets. An asset leased under a finance lease is depreciated over the shorter of the lease term and the useful economic life. In the case of hire purchase contracts which have the characteristics of finance leases, the asset will be depreciated over its useful economic life.
- 13.5 In the case of operating leases, the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.
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## INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
<b>INCOME</b>			
Funding Body Grants	1	13,629	18,257
Tuition Fees	2	64,685	59,925
Research Grants and Contracts	3	21,627	20,500
Other Income	4	30,149	28,090
Endowment and Investment Income	5	995	928
<b>Total Income</b>		<b>131,085</b>	<b>127,700</b>
<b>EXPENDITURE</b>			
Staff Costs - Operational	6	69,918	71,038
- Restructuring	6	2,488	2,834
Other Operating Expenses	8	44,578	44,217
Depreciation	8	9,727	8,989
Interest and Other Finance Costs	7	2,398	127
<b>Total Expenditure</b>	8	<b>129,109</b>	<b>127,205</b>
Surplus on Continuing Operations after Depreciation of Assets and Before and After Tax		1,976	495
(Loss)/Surplus on disposal of asset		(168)	188
Impairment of assets		(1,253)	-
Surplus on Continuing Operations after Depreciation of Assets at Valuation and Disposal of Assets and Tax		555	683
Surplus transferred to Accumulated Income within Endowment Funds	16	(379)	(377)
Surplus retained within General Reserves	17	176	306

The Income and Expenditure Account is in respect of continuing activities.

## NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2015

		2015 £'000	2014 £'000
Surplus on Continuing Operations before Taxation		555	683
Difference between an Historical Cost Depreciation charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	18	1,989	1,989
<b>HISTORICAL COST SURPLUS AFTER TAX</b>		<b>2,544</b>	<b>2,672</b>

## BALANCE SHEET as at 31 July 2015

	Notes	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	9	189,874	153,865
Investments		99	95
<b>ENDOWMENT ASSETS</b>	10	44,731	42,991
<b>CURRENT ASSETS</b>			
Stocks		2,030	2,240
Debtors	11	12,034	42,629
Cash Investments		184	182
Cash at Bank and in Hand		28,767	25,271
		<u>43,015</u>	<u>70,322</u>
Creditors: Amounts falling due within one year	12	28,465	30,730
<b>NET CURRENT ASSETS</b>		<u>14,550</u>	<u>39,592</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		249,254	236,543
Creditors: Amounts falling due after more than one year	13	55,277	39,495
Provisions for liabilities and charges	14	2,415	2,481
<b>NET ASSETS EXCLUDING PENSIONS LIABILITY</b>		191,562	194,567
<b>PENSIONS LIABILITY</b>	25	13,218	16,976
<b>NET ASSETS INCLUDING PENSIONS LIABILITY</b>		<u>178,344</u>	<u>177,591</u>
<b>DEFERRED CAPITAL GRANTS</b>	15	51,672	55,602
<b>ENDOWMENTS</b>			
Expendable	16	576	592
Permanent	16	44,155	42,399
		<u>44,731</u>	<u>42,991</u>
<b>RESERVES</b>			
General Reserves excluding Pension Reserve		57,204	56,030
Pension Reserve	25	13,218	16,976
General Reserves including Pension Reserve	17	43,986	39,054
Revaluation Reserve	18	37,955	39,944
		<u>81,941</u>	<u>79,998</u>
<b>TOTAL</b>		<u>178,344</u>	<u>177,591</u>

The financial statements on pages 15 to 41 were approved by the Council on 4 December 2015 and signed on its behalf by:



Dr Timothy Brain, Treasurer



Professor April McMahon, Vice Chancellor

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus on Continuing Operations after Depreciation of Assets, Disposal of Assets and Tax		555	683
Appreciation of Endowment Investments	16	1,357	917
New Endowments	16	4	35
Actuarial Gain on Pension Schemes	25	2,767	446
<b>TOTAL RECOGNISED GAINS FOR THE YEAR</b>		<b>4,683</b>	<b>2,081</b>
Reconciliation:			
Opening Reserves and Endowments as previously reported		121,989	119,908
Recognised Gains for the Year		4,683	2,081
Closing Reserves and Endowments		126,672	121,989

## CASH FLOW STATEMENT for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Net Cash Inflow from Operating Activities	21	5,124	9,043
Returns on Investments and Servicing of Finance	22		
Income from endowments		798	800
Interest received		197	128
Interest paid		(248)	–
		747	928
Taxation		–	–
Capital Expenditure	23		
Endowment assets acquired and received		4	35
Payments to acquire tangible assets		(17,123)	(11,747)
Deferred capital grants received		820	5,135
		(16,299)	(6,577)
(Cash Outflow)/Inflow before Management of Liquid Resources		(10,428)	3,394
Management of Liquid Resources			
Cash transferred to term deposits	24	(2)	(5)
Financing			
Financing drawn down in year		14,310	–
Loan repayment in the year		–	–
		3,880	3,389
Increase in Cash in the year	24	3,880	3,389

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2015 £'000	2014 £'000
Increase in Cash in the Year	24	3,880	3,389
Cash Flow from Liquid Resources	24	2	5
Change in Net Funds		3,882	3,394
Net Funds at 1 August		34,475	31,081
Net Funds at 31 July	24	38,357	34,475

## NOTES TO THE FINANCIAL STATEMENTS

	2015 £'000	2014 £'000
1) FUNDING BODY GRANTS		
Higher Education Funding Council for Wales		
Recurrent Grant	8,764	12,631
Specific Grants	1,169	1,501
Deferred Capital Grants Released in Year		
Buildings (Note 15)	1,011	1,011
Equipment (Note 15)	422	830
Welsh Government Department for Education and Skills	2,263	2,284
	<u>13,629</u>	<u>18,257</u>
2) TUITION FEES		
Full-time Home and EU Students	56,812	50,924
Full-time International Students	6,560	7,430
Part-time Students	582	868
Short Course and Other Fees	731	703
	<u>64,685</u>	<u>59,925</u>
3) RESEARCH GRANTS AND CONTRACTS		
Research Councils and Charities	10,187	10,311
Industry and Commerce	2,202	1,453
Governmental	9,099	8,347
Other Grants and Contracts	139	389
	<u>21,627</u>	<u>20,500</u>
4) OTHER INCOME		
Residences, Catering and Conferences (Note 27)	13,579	8,663
Other Services Rendered	2,580	3,772
Arts Centre (Note 28)	3,489	3,410
Farms	1,572	1,953
Released from Deferred Capital Grants (Note 15)	2,907	2,024
Grants from other bodies	1,504	3,802
Other Income	4,518	4,466
	<u>30,149</u>	<u>28,090</u>
Grants from other bodies are now shown in Other Income rather than under Funding Body Grants. This is consistent with the presentation required by HESA.		
5) ENDOWMENT AND INVESTMENT INCOME		
Other Income from Endowments (Note 16)	798	800
Income from Short-term Investments	197	128
	<u>995</u>	<u>928</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	2015 £'000	2014 £'000
6) STAFF COSTS		
Staff Costs - Operational		
Wages and Salaries	56,454	57,290
Social Security Costs	4,191	4,153
Other Pension Costs (Note 25)	9,273	9,595
Total Staff Costs (Note 8)	<u>69,918</u>	<u>71,038</u>
Staff Costs - Restructuring:		
Payments made during the year	<u>2,488</u>	<u>2,834</u>
Emoluments of the Vice-Chancellor		
Salary	223	219
Pension Contributions	24	24
	<u>247</u>	<u>243</u>

The number of staff, including the Vice-Chancellor, who received emoluments in the following ranges was:

	2015 Number	2014 Number
£110,000-£119,999	1	2
£120,000-£129,999	2	-
£130,000-£139,999	-	-
£140,000-£149,999	-	-
£210,000-£219,999	-	1
£220,000-£229,999	1	-

In 2013-14 HEFCW released guidance stating that the emoluments of the Vice-Chancellor and other higher paid staff should be disclosed excluding employer's pension contributions.

The average number of persons employed by the University during the period, expressed as full-time equivalents, was:

	2015 Number	2014 Number
Academic Teaching and Research	686	694
Technical, Administrative and Support	968	1,070
	<u>1,654</u>	<u>1,764</u>

	2015 £'000	2014 £'000
7) INTEREST AND OTHER FINANCE COSTS		
Interest on Penglais Farm Students Accommodation	2,397	126
Other	1	1
	<u>2,398</u>	<u>127</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8) ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Staff Costs					2015 Total £'000	2014 Total £'000
	Opera- tional	Restruct- uring	Depre- ciation	Other Operating Expenses	Interest Payable		
	£'000	£'000	£'000	£'000	£'000		
Academic Departments	32,030	–	2,430	5,001	–	39,461	41,980
Academic Services	5,422	–	118	3,303	–	8,843	7,783
Research Grants and Contracts	11,957	–	276	6,486	–	18,719	18,584
Residences, Catering and Conferences (Note 27)	3,661	–	778	5,412	–	9,851	7,745
Premises	3,267	–	5,460	6,838	2,397	17,962	15,833
General Education Expenditure	1,699	–	4	8,170	–	9,873	10,310
Administration	6,117	–	183	2,353	1	8,654	9,270
Student and Staff Facilities and Amenities	2,016	–	67	731	–	2,814	2,566
Other Services Rendered	1,599	–	–	2,060	–	3,659	4,243
Arts Centre (Note 28)	1,815	–	253	1,616	–	3,684	3,675
Farms	651	–	158	1,400	–	2,209	2,066
Auditor's Remuneration	–	–	–	57	–	57	56
FRS 17 Adjustment to Pension Costs	(433)	–	–	–	–	(433)	(254)
Exchange Rate				234		234	
Other Expenses	117	2,488	–	917	–	3,522	3,348
	69,918	2,488	9,727	44,578	2,398	129,109	127,205

Other Expenses include remuneration paid to the University's External Auditors for non audit services amounting to £150,491 (2013/14: £61,008). These fees were for the following services:

**Audit related services:**

Audit of specific grants and audit of funding data: £46,595 (2013/14: £3,708)

**Due Diligence:**

Due diligence on proposed projects £5,160 (2013/14: £28,560)

**Taxation:**

Preparation of corporation tax computations and reviews: £47,867 (2013/14: £19,800)

**Consultancy:**

Pensions' Consultancy: £50,869 (2013/14 £8,940)

**Payments to Members of the University's Council**

No member of Council has received any remuneration from the University for acting as a member of Council during the year (2013/14:nil) Members of the University staff appointed to the Council do not receive any additional remuneration in respect of their membership of the Council.

No member of Council has received payment for other services provided to the University, other than under a contract of employment for members of Council who are also University employees, during the year (2013/14: nil).

The total expenses paid to or on behalf of 12 Council members was £16,053 (2013/14: £17,492 to 13 Council members). This represents travel and subsistence expenses incurred in attending Council and other meetings in their official capacity.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9) FIXED ASSETS – TANGIBLE

	Land and Buildings			Equipment			Heritage Assets £'000	Total £'000
	Freehold £'000	Long Leasehold £'000	Work in Progress £'000	Tangible £'000	Work in Progress £'000	Software £'000		
<b>COST OR VALUATION</b>								
<b>At 1 August 2014</b>								
Valuation	130,419	2,981	–	–	–	–	1,347	134,747
Cost	79,175	1,428	3,642	47,549	93	711	–	132,598
Additions at Cost	1,303	8,777	36,210	855	12	–	–	47,157
Completed construction	345	3,155	(3,500)	93	(93)	–	–	–
Disposal	–	–	–	–	–	–	–	–
<b>At 31 July 2015</b>	<b>211,242</b>	<b>16,341</b>	<b>36,352</b>	<b>48,497</b>	<b>12</b>	<b>711</b>	<b>1,347</b>	<b>314,502</b>
Valuation	130,419	2,981	–	–	–	–	1,347	134,747
Cost	80,823	13,360	36,352	48,497	12	711	0	179,755
	<u>211,242</u>	<u>16,341</u>	<u>36,352</u>	<u>48,497</u>	<u>12</u>	<u>711</u>	<u>1,347</u>	<u>314,502</u>
<b>DEPRECIATION</b>								
<b>At 1 August 2014</b>								
	76,184	707	–	36,370	–	219	–	113,480
Charge for the Year	6,174	267	–	3,144	–	142	–	9,727
Impairment	1,253	–	–	–	–	–	–	1,253
Disposal	168	–	–	–	–	–	–	168
<b>At 31 July 2015</b>	<b>83,779</b>	<b>974</b>	<b>–</b>	<b>39,514</b>	<b>–</b>	<b>361</b>	<b>–</b>	<b>124,628</b>
<b>NET BOOK VALUE</b>								
<b>At 31 July 2015</b>								
	127,463	15,367	36,352	8,983	12	350	1,347	189,874
<b>At 1 August 2014</b>	<b>133,410</b>	<b>3,702</b>	<b>3,642</b>	<b>11,179</b>	<b>93</b>	<b>492</b>	<b>1,347</b>	<b>153,865</b>

University property was valued as at 31 July 1994 on a depreciated replacement value basis by the Buildings Officer, Mr P.S. Robinson FRICS, except where market value for existing use was available, in which case that value has been used. Property transferred from the Welsh Agricultural College was valued on the same basis as at 1 March 1995.

Land and Buildings acquired from IGER were valued on the same basis by Mr J.H. Jones FRICS, an independent external valuer, in accordance with the RICS appraisal and evaluation manual.

The lease of the leasehold property acquired from IGER extended to 31 March 2015 with an option to renew for a further term of seven years.

Heritage Assets refer to the University's Fine Art Collection which was valued in March 2011 by Webb Valuations Fine Art Ltd.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015		2014
10)	ENDOWMENT ASSETS	£'000		£'000
	Balance at 1 August	42,991		41,662
	Additions to Investments	4		35
	Appreciation on Revaluation (Note 16)	1,356		917
	Increase in Revenue Balances	380		377
	Balance at 31 July	<u>44,731</u>		<u>42,991</u>
	Represented by:			
	Fixed Interest Stocks	2,916		2,874
	Equities	17,671		17,588
	Absolute Returns	9,523		8,945
	Property Unit Trust	1,700		1,509
	Bank Balances	1,358		894
	Total Investments (Note 29)	<u>33,168</u>		<u>31,810</u>
	Land and Property	2,654		2,654
	Revenue Balances	8,909		8,527
		<u>44,731</u>		<u>42,991</u>
11)	DEBTORS	2015		2014
		£'000		£'000
	Amounts due within one year:			
	Trade and Other Debtors	5,739		6,243
	Research Balances	5,495		5,342
	Prepayments and Accrued Income	800		1,010
		<u>12,034</u>		<u>12,595</u>
	Amounts due after more than one year:			
	Prepayment for Fferm Penglais	-		30,034
12)	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2015		2014
		£'000		£'000
	Unsecured Loans	35		45
	Payments Received on Account	4,908		1,368
	Trade and Other Creditors	4,850		5,261
	Social Security and Other Taxation Payments	2,670		2,743
	Research Grant Balances	11,291		11,972
	Deferred Income from Student Village Lease	680		680
	Accruals and other Deferred Income	4,031		8,661
		<u>28,465</u>		<u>30,730</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

13) CREDITORS FALLING DUE AFTER ONE YEAR	2015 £'000	2014 £'000
Deferred Income from Student Village Lease	8,144	8,822
Deferred Income for Fferm Penglais Funding		30,673
Fferm Penglais Student Halls		
– L&G Loan	42,601	–
– Balfour Beatty deferred consideration	4,532	–
	55,277	39,495

The Deferred Income from the Student Village Lease relates to the consideration received on the 25 year lease of student accommodation to Tai Cartrefi Cyf.

Under the terms of the arrangement, the properties have been leased to Tai Cartrefi Cyf for a period of 25 years for total consideration of £16.9m. In return, Tai Cartrefi Cyf is guaranteed an income stream from the letting of the properties for the duration of the lease.

A number of factors within the arrangement result in the University retaining some of the risks and rewards of ownership of the properties throughout the period of the lease. The University retains the freehold to the properties which are the subject of the lease, and at the end of the 25 year agreement they revert back to the University for £nil consideration.

The £16.9m consideration received by the University has been treated as deferred income and is being released to the income and expenditure account on a straight line basis over the period of the lease.

Under the arrangement with L&G, Aberystwyth University receive £41.1m in order to fund the building of a new student accommodation centre. As at 31 July 2015, the University received this sum less a retention figure of £0.8m (£40.4m). Aberystwyth University will make a lease payment to L&G until July 2048, at which point the ownership of the land will revert to Aberystwyth University for nominal consideration. The implicit rate of interest calculated in the arrangement is 5.7% pa.

Balfour Beatty have provided funding of £4.3m towards the building costs of Fferm Penglais. They will recover this through an ongoing payment from the University. The implicit rate of interest calculated in the arrangement is 13.6% pa.

14) PROVISIONS FOR LIABILITIES AND CHARGES	£'000
At 1 August 2014	2,481
Income and Expenditure Account	(66)
At 31 July 2015	2,415

The provision is broken down as follows:

£383k relates to the University's best estimate of liabilities in respect VAT liabilities (£829k in 2013/14 including VAT liabilities in relation to Farm activities). £1,180k relates to Voluntary Severance costs approved as at the year end. (£1,652k in 2013/14)

£377k relates to Aberystwyth University Students' Union (AUSU)'s deficit over a three year period to 30th June 2015. £475k relates to best estimated cost required to restore the leased property (Brynderw) back to its original condition, as per contracted requirement.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

15) DEFERRED CAPITAL GRANTS	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2014			
Buildings	20,068	25,879	45,947
Equipment	551	9,104	9,655
Total	<u>20,619</u>	<u>34,983</u>	<u>55,602</u>
Reclassification of opening balances			
Buildings	-	-	-
Equipment	508	(508)	-
Total	<u>508</u>	<u>(508)</u>	<u>-</u>
Cash Received			
Buildings	115	-	115
Equipment	154	551	705
Total	<u>269</u>	<u>551</u>	<u>820</u>
Released to Income and Expenditure Account			
Buildings (Note 1)	1,011	995	2,006
Equipment (Note 1)	422	2,322	2,744
Total	<u>1,433</u>	<u>3,317</u>	<u>4,750</u>
At 31 July 2015			
Buildings	19,172	24,884	44,056
Equipment	791	6,825	7,616
Total	<u>19,963</u>	<u>31,709</u>	<u>51,672</u>

Of the £4,750k in Deferred Capital released to Income and Expenditure, £1,433k (2013/14 £1,841k) is shown within Funding Council Grants, £3,030k (2013/14 £2,024k) is shown within Other Income and £287k (2013/14 £324k) within Research Grants.

16) ENDOWMENTS	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	Total £'000
At 1 August 2014	21,833	20,566	42,399	592	42,991
New Endowments	-	4	4	-	4
Investment Income	381	403	784	14	798
Expenditure	(90)	(274)	(364)	(55)	(419)
	291	129	420	(41)	379
Disposal of endowment assets	-	-	-	-	-
Increase in Market Value of Investments	660	672	1,332	25	1,357
At 31 July 2015	<u>22,784</u>	<u>21,371</u>	<u>44,155</u>	<u>576</u>	<u>44,731</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

17)	MOVEMENT ON GENERAL RESERVES	2015 £'000	2014 £'000
	At 1 August	39,054	36,313
	Surplus on Continuing Operations before transfer from Revaluation Reserve	176	306
	Transfer from Revaluation Reserve (Note 18)	1,989	1,989
	Actuarial Gain on Pension Scheme Liability (Note 25)	2,767	446
	At 31 July	43,986	39,054
18)	REVALUATION RESERVE	2015 £'000	2014 £'000
	At 1 August	39,944	41,933
	Transfer from Revaluation Reserve to Other Reserves in respect of Depreciation on Revalued Assets	(1,989)	(1,989)
	At 31 July	37,955	39,944
19)	COMMITMENTS	2015 £'000	2014 £'000
	i) Capital Commitments:		
	contracted at 31 July	812	14,383
	authorised but not contracted at 31 July	–	–
		812	14,383
	ii) Annual commitments under non-cancellable operating leases on Land and Buildings which expire after five years	96	380

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20) RELATED PARTIES

#### ABERYSTWYTH UNIVERSITY PENSION AND ASSURANCE SCHEME (AUPAS)

The University runs a payroll service on behalf of AUPAS for which no administrative cost recharges are made. Pensions are paid by the University on behalf of the scheme which are reimbursed on a periodic basis without any interest charges. The Pension Scheme debtor at the year end was £1,901,963 (2013/14 debtor £1,286,781).

#### SUBSIDIARY COMPANIES

##### **Abertec Ltd**

The University owns the whole of the issued share capital of Abertec Limited, a company registered in England and Wales, and performs research contract work on its behalf. The Abertec Ltd debtor at the year-end was £nil (2013/14 £nil).

##### **Aber Trading Ltd**

Abertec is succeeded by Aber Trading Ltd. The University owns the whole of the issued share capital of Aber Trading Limited, a company registered in England and Wales, and performs research contract work and consultancy work on its behalf. Aber Trading Limited owed the University £21,674 at the year end (2013/14 £26,772).

##### **Aber Bangor Consultancy Ltd**

Aberystwyth University and Bangor University both own a 50% share of Aber Bangor Consultancy Ltd, which provides consultancy work undertaken for specialised projects which require a more substantial research and development component that can be developed and delivered by University researchers.

##### **Aberystwyth Innovation and Enterprise Campus Ltd (AIEC)**

The University owns a 75% share in AIEC with BBSRC owning the remaining share capital. AIEC has obtained funding to build a £40.5m centre which will allow research into food, nutrition and energy security, renewable energies and biotechnologies.

The results and net assets and liabilities are set out below:

	Abertec Ltd		Aber Trading Ltd	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Summarised Profit and Loss Account				
Turnover	–	2	22	27
Interest Receivable	–	–	–	–
Expenditure	–	(41)	(22)	(27)
Taxation	–	–	–	–
Profit/(Loss) for the year after taxation	–	(39)	–	–
Summarised Balance Sheet				
Fixed Assets	–	–	–	–
Net Current Assets/(Liabilities)	30	30	–	–
Net Assets/(Liabilities)	30	30	–	–
Capital and Reserves	30	30	–	–

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20) RELATED PARTIES (continued)

	Aber Bangor Consultancy Ltd		AIEC Ltd
	2015 £'000	2014 £'000	2015 £'000
Summarised Profit and Loss Account			
Turnover	15	118	–
Grant Received	–	–	334
Interest Receivable	–	–	–
Expenditure	(15)	(105)	(334)
Taxation	–	(3)	–
Profit/(Loss) for the year after taxation	–	(10)	–
Summarised Balance Sheet	2015 £'000	2014 £'000	2015 £'000
Fixed Assets	–	–	–
Net Current Assets/(Liabilities)	10	10	–
Net Assets/(Liabilities)	10	10	–
Capital and Reserves	10	10	–

## ABERYSTWYTH GUILD OF STUDENTS

Aberystwyth University Students' Union (AUSU) is a separate entity funded by the University by the provision of a grant. It is administered by elected student officers for the benefit of students.

The University's grant to AUSU amounted to £650,000 (2013/14 £599,800).

The Guild occupies premises owned by the University for which no rent is charged and received payroll services from the University for which no fee is charged.

21) RECONCILIATION OF THE OPERATING SURPLUS TO THE NET CASH FLOW FROM OPERATING ACTIVITIES	2015 £'000	2014 £'000
Surplus on Continuing Operations after Depreciation of Assets and Tax	1,976	495
Depreciation	9,727	8,989
Deferred Capital Grants Released to Income	(4,750)	(4,189)
Surplus on sale of Asset	–	224
Investment Income	(995)	(928)
Interest Payable	2,398	127
Pension Costs less Contributions Payable	(991)	(261)
Increase/(Decrease) in Stocks	211	(151)
Increase/(Decrease) in Debtors	841	(25,566)
Decrease in Endowment Debtors	–	(2)
(Decrease)/Increase in Investments	(4)	20
(Decrease)/Increase in Creditors, Accruals & Deferred Income	(3,223)	28,753
(Decrease)/Increase in Provisions	(66)	1,532
Net Cash Inflow from Operating Activities	<u>5,124</u>	<u>9,043</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015	
22)	RETURNS ON INVESTMENT AND SERVICING OF FINANCE	£'000	2014 £'000
	Income from Endowments	798	800
	Other Interest Receivable (Note 5)	197	128
	Other Interest Paid	(248)	-
	Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>747</u>	<u>928</u>
		2015	2014
23)	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	£'000	£'000
	Payments to acquire Fixed Assets	(17,123)	(11,747)
	Deferred Capital Grants Received (Note 15)	820	5,135
	Endowments Received (Note 16)	4	35
	Net Cash Outflow from Capital Expenditure and Financial Investment	<u>(16,299)</u>	<u>(6,577)</u>
24)	ANALYSIS OF CHANGES IN NET FUNDS	At 1 August 2014 £'000	At 31 July 2015 £'000
	Cash at Bank and Cash in Hand	25,271	3,496
	Endowments Cash included in Endowments Revenue Balances	<u>9,022</u>	<u>384</u>
		34,293	38,880
	Current Asset Investments	<u>182</u>	<u>2</u>
	Total	<u>34,475</u>	<u>38,882</u>
25)	PENSION SCHEMES		
	The University participates in four separate Pension Schemes: the Universities Superannuation Scheme (USS), the Dyfed Pension Fund (DPF), the Aberystwyth University Pension and Assurance Scheme (AUPAS), and the Aberystwyth Pension Plan (AUPP).		
	The total pension cost for the University was:		
		2015	2014
		£'000	£'000
	USS contributions paid	6,492	6,339
	AUPP contributions paid	592	-
	AUPAS charge to the Income & Expenditure Account	2,177	3,240
	DPF charge to the Income & Expenditure Account	12	16
		<u>9,273</u>	<u>9,595</u>

### ABERYSTWYTH UNIVERSITY PENSION PLAN (AUPP)

From 1 April 2015 Aberystwyth University set up a new retirement plan, 'Aberystwyth University Pension Plan'. Members previously in the Aberystwyth University Pension and Assurance Scheme were automatically enrolled into the new pension scheme.

The new Plan is a defined contribution plan, which is administered by Legal & General. All employee and Institute contributions will be invested in a Legal & General Group Personal Pension Plan.

The University will be contributing 10% of salary into the pension scheme, employees contributions remain at 6.35% (employees may alter their contributions).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25) PENSION SCHEMES (continued)

#### THE UNIVERSITIES SUPERANNUATION SCHEME

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund, Universities Superannuation Scheme Limited. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Each year the USS trustee company issues to scheme members a summary of the scheme's funding position in the form of a Summary Funding Statement. This statement provides an update on how the scheme's assets compare with the value of the scheme's liabilities, the latter being the amount needed to pay current and future pensions and other benefits, given prevailing market conditions. The 2014 valuation has been signed off by the Scheme Actuary, but until the conclusion of the 2016 Scheme audit, remains unaudited.

As this work is not yet complete the trustee cannot present a final position for the 2014 valuation at this stage. However, the trustee has provided an assessment below using the assumptions used to deliver the 2011 actuarial valuation, updated for current market conditions.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals, the institute is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%)

The total cost charged to the profit and loss account is £6,492k (2014: £6,339k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second 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 £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for the expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount Rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25) PENSION SCHEMES (continued)

#### THE UNIVERSITIES SUPERANNUATION SCHEME (continued)

To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

<b>Existing benefits</b>	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

#### SUMMARY OF AUPAS AND DPF SCHEMES, PENSION FUNDS REPORTING

	AUPAS 2015 £'000	DPF 2015 £'000	Total 2015 £'000	AUPAS 2014 £'000	DPF 2014 £'000	Total 2014 £'000
<b>Analysis of amounts recognised on the balance sheet</b>						
Total market value of assets	91,032	4,284	95,316	83,137	4,052	87,189
Present value of scheme liabilities	(103,396)	(5,138)	(108,534)	(99,348)	(4,817)	(104,165)
Net pension liability	(12,364)	(854)	(13,218)	(16,211)	(765)	(16,976)

#### Analysis of amounts recognised in statement of total recognised gains and losses:

Actual return less expected return on pension scheme assets	6,835	(169)	6,666	1,724	170	1,894
Changes in assumptions	(3,899)	–	(3,899)	(1,448)	–	(1,448)
Total actuarial (loss)/gain recognised	2,936	(169)	2,767	276	170	446

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25) PENSION SCHEMES (continued)

## ABERYSTWYTH UNIVERSITY PENSION AND ASSURANCE SCHEME

	2015 £'000	2014 £'000
<b>Movement in deficit during the year:</b>		
Deficit in scheme at beginning of year	(16,211)	(16,570)
Current service cost	(2,060)	(3,233)
Contributions	2,579	3,480
Past service costs	–	–
Amendments	(117)	(7)
Net interest on liabilities	509	124
Prior year adjustment	–	(281)
Actuarial gain	2,936	276
Deficit in scheme at end of year	<u>(12,364)</u>	<u>(16,211)</u>
<b>Analysis of the movement in the present value of the scheme liabilities:</b>		
At beginning of the year	99,348	93,989
Current service cost	2,060	3,233
Interest cost	4,149	4,352
Contributions by scheme participants	36	56
Past service costs	–	–
Amendments	117	7
Actuarial (gains)/losses	3,899	1,448
Prior year adjustment	–	281
Benefits paid	(6,213)	(4,018)
At end of year	<u>103,396</u>	<u>99,348</u>
<b>Analysis of the movement in the market value of the scheme assets:</b>		
At beginning of the year	83,137	77,419
Expected return on scheme assets	4,658	4,476
Actuarial gains	6,835	1,724
Contributions by the employer	2,579	3,480
Contributions by scheme participants	36	56
Benefits paid	(6,213)	(4,018)
At end of year	<u>91,032</u>	<u>83,137</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25) PENSION SCHEMES (continued)

## ABERYSTWYTH UNIVERSITY PENSION AND ASSURANCE SCHEME (continued)

**History of experience gains and losses for the year ended 31 July:**

	2015	2014	2013	2012	2011
Difference between expected and actual return on scheme assets:					
amount (£000)	6,835	1,724	10,622	(2,514)	3,073
percentage of scheme assets	8%	0%	1%	4%	5%
Experience gains on scheme liabilities:					
amount (£000)	-	-	-	-	2,093
percentage of scheme liabilities	0%	0%	0%	0%	3%
Total amount recognised in statement of total recognised gains and losses:					
amount (£000)	2,936	276	6,538	(5,681)	4,127
percentage of scheme liabilities	3%	0%	0%	7%	5%

On 31st March 2015 the Aberystwyth University Pension and Assurance Scheme closed to further contributions, From 1st April 2015, existing and new staff members now pay contributions to the new defined contribution scheme AUPP. The University will continue to pay towards the AUPAS deficit.

The last full actuarial valuation was carried out at 1 August 2014 by a qualifying independent actuary. An approximate actuarial valuation was carried out at 31 July 2015 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2015 £'000	2014 £'000
Weighted average assumptions used to determine benefit obligations		
Rate of increase in salaries	3.15%	3.20%
Rate of increase in pensions	2.15%	2.20%
Discount rate	3.75%	4.25%
Rate of retail price inflation	3.15%	3.20%
Rate of consumer price inflation	2.15%	2.20%
Weighted average assumptions used to determine net pension cost:		
Rate of increase in salaries	3.20%	3.35%
Discount rate	4.25%	4.65%
Expected long-term return on Scheme assets	5.70%	5.80%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement were as at 31 July:

	2015 Male	2015 Female	2014 Male	2014 Female
Member age 65 retiring today	21.0	23.1	20.9	23.3
Member age 45 retiring in 20 years	23.1	25.3	23.0	25.6

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25) PENSION SCHEMES (continued)

## ABERYSTWYTH UNIVERSITY PENSION AND ASSURANCE SCHEME (continued)

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

	Long term rate of return expected at 31 July 2015	Value at 31 July 2015 £'000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	5.50%	62,448	6.25%	57,032	5.5%	54,585
Corporate Bonds	3.20%	19,299	3.80%	17,625	3.6%	15,941
Property	5.50%	9,285	6.25%	8,480	5.5%	7,297
Cash and Other Current Assets	2.20%	–	2.95%	–	2.2%	(404)
Index Linked Bonds					2.2%	
<b>Total Market Value of Assets</b>		<b>91,032</b>		<b>83,137</b>		<b>77,419</b>

	2015 £'000	2014 £'000
<b>Analysis of the amount shown in the balance sheet:</b>		
Market Value of Assets	91,032	83,137
Present Value of Scheme Liabilities	(103,396)	(99,348)
Deficit in the Scheme - Net Pension Liability	<u>(12,364)</u>	<u>(16,211)</u>
<b>Analysis of amounts charged to staff costs within the operating deficit:</b>		
Current service cost	(2,060)	(3,233)
Past service cost	(117)	(7)
Total operating charge	<u>(2,177)</u>	<u>(3,240)</u>
<b>Analysis of the amount charged to interest payable:</b>		
Expected return on pension scheme assets	4,658	4,476
Interest on pension scheme liabilities	(4,149)	(4,352)
Pension finance cost	<u>509</u>	<u>124</u>
<b>Analysis of amounts recognised in statement of total recognised gains and losses:</b>		
Actual return less expected return on pension scheme assets	6,835	1,724
Experience gains and losses arising on scheme liabilities	–	–
Actuarial gain on acquisition	–	–
Changes in assumptions	(3,899)	(1,448)
Total actuarial gain recognised	<u>2,936</u>	<u>276</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25) PENSION SCHEMES (continued)

## THE DYFED PENSION FUND

	2015 £'000	2014 £'000
<b>Movement in deficit during the year:</b>		
Deficit in scheme at beginning of year	(765)	(986)
Current service cost	(12)	(16)
Past Service Cost	–	–
Contributions	43	30
Net interest on liabilities	49	37
Actuarial gain/(loss)	(169)	170
Deficit in scheme at end of year	<u>(854)</u>	<u>(765)</u>

**Analysis of the movement in the present value of the scheme liabilities:**

At beginning of the year	4,817	5,074
Current service cost	12	16
Past service cost		
Interest cost	193	199
Contributions by scheme participants	2	4
Actuarial gains	357	(309)
Benefits paid	(243)	(167)
At end of year	<u>5,138</u>	<u>4,817</u>

**Analysis of the movement in the market value of the scheme assets:**

At beginning of the year	4,052	4,088
Expected return on scheme assets	242	236
Actuarial gains/(losses)	188	(139)
Contributions by the employer	43	30
Contributions by scheme participants	2	4
Benefits paid	(243)	(167)
At end of year	<u>4,284</u>	<u>4,052</u>

**History of experience gains and losses for the year ended 31 July:**

Difference between expected and actual return on scheme assets:	2015	2014	2013	2012	2011
amount (£000)	188	139	444	(154)	428
percentage of scheme assets	4.4%	3.4%	11%	4%	12%
Experience gains and losses on scheme liabilities:					
amount (£000)	357	309	–	–	–
percentage of scheme liabilities	6.9%	6.4%	0%	0%	0%
Total amount recognised in statement of total recognised gains and losses:					
amount (£000)	169	170	444	(559)	95
percentage of scheme liabilities	3.3%	3.5%	9%	11%	2%

The University expects to contribute 22.5% of members' total pensionable salaries to its pension scheme in 2015/16. The University will also contribute £74k towards past deficits.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25) PENSION SCHEMES (continued)

#### THE DYFED PENSION FUND (continued)

The University is an admitted member of the Dyfed Pension Fund which is a multi-employer Local Government Pension Scheme regulated by statute. The last full actuarial valuation was carried out at 31 March 2013 by a qualified independent actuary. An approximate actuarial valuation was carried out at 31 July 2015 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2015	2014
Rate of increase in salaries	3.70%	3.70%
Rate of increase in pensions in payment	2.20%	2.20%
Discount rate	3.60%	4.10%
Rate of consumer price inflation	2.20%	2.20%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement were as at 31 July 2015:

	2015		2014	
	Male	Female	Male	Female
Member age 65 retiring today	25.5	28.1	25.4	28.0
Member age 45 retiring in 20 years	23.3	25.8	23.2	25.7

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

	Long term rate of return expected at 31 July 2015	Value at 31 July 2014 £'000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	6.50%	2,986	7.0%	2,841	7.0%	2,906
Government Bonds	2.50%	416	3.20%	389	3.30%	405
Other Bonds	3.60%	420	4.10%	393	4.30%	417
Property	0.50%	441	6.20%	413	5.70%	311
Cash and Other Current Assets	0.0%	21	0.50%	16	0.50%	49
Total Market Value of Assets		<u>4,284</u>		<u>4,052</u>		<u>4,088</u>

#### Analysis of the amount shown in the balance sheet:

	2015 £'000	2014 £'000
Market Value of Assets	4,284	4,052
Present Value of Scheme Liabilities	(5,138)	(4,817)
Deficit in the Scheme - Net Pension Liability	<u>(854)</u>	<u>(765)</u>

#### Analysis of amounts charged to staff costs within the operating surplus/deficit:

Current service cost	(12)	(16)
Past service gain	-	-
Total operating charge	<u>(12)</u>	<u>(16)</u>

#### Analysis of the amount charged to interest payable:

Expected return on pension scheme assets	242	236
Interest on pension scheme liabilities	(193)	(199)
Pension finance cost	<u>49</u>	<u>37</u>

#### Analysis of amounts recognised in statement of total recognised gains and losses:

Actual return less expected return on pension scheme assets	169	(170)
Experience gains and losses on liabilities	-	-
Changes in assumptions	-	-
Total actuarial gain recognised	<u>169</u>	<u>(170)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	2015 £'000	2014 £'000
26) FINANCIAL CONTINGENCY FUND		
Funding Council Grants	203	175
Interest Earned	–	1
	203	176
Disbursements to Students	199	188
Fund Running Costs	4	5
Returned to the Welsh Government	–	–
	–	17
Balance Unspent at 1 August	–	17
Balance Unspent at 31 July	–	–
<p>Funding Council grants received are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.</p>		
27) RESIDENCES AND CATERING OPERATIONS, HALLS AND RENTED PROPERTIES INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July		
	2015 £'000	2014 £'000
Income	13,578	8,663
Expenditure	9,851	7,745
Surplus	3,727	918
28) ABERYSTWYTH ARTS CENTRE INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July		
	2015 £'000	2014 £'000
Income	3,489	3,410
Expenditure	3,686	3,673
Deficit	(197)	(263)
29) MARKET VALUE OF ENDOWMENT FUNDS INVESTMENTS (Excluding Land and Buildings)		
	2015 £'000	2014 £'000
Unrestricted Funds	16,117	15,458
Restricted Funds	17,051	16,352
	33,168	31,810

A full list of contributors and endowment funds are provided on the Aberystwyth University website.