

## Circular

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### **Analysis of the financial position of the HE sector 2005/06**

**2 August 2007**

**Ref: W07/33HE**

To: Heads of higher education institutions in Wales.

Summary: This circular informs institutions of financial health performance indicators for the higher education sector in Wales as shown by the audited financial statements for 2005/06

Response by: No response

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## **INTRODUCTION**

- 1 This circular informs institutions of financial health performance indicators for the higher education sector in Wales as shown by the audited financial statements for 2005/06.
- 2 Key financial ratios and figures which give an indication of each institution's financial position are provided in Tables 1 to 14. These are based on the audited financial statements returned by institutions. Each table includes brief notes on coverage and the data sources. Notes on the definitions used are provided in Annex A.
- 3 The sector's income and expenditure account, balance sheet and cash flow statement are provided in Tables 15 to 17.
- 4 Financial Reporting Standard 17: Retirement Benefits, has been fully implemented by all institutions in 2005/06. As a result, the 2004/05 financial statements have been restated. It should be noted that University of Wales Institute, Cardiff (UWIC) implemented FRS 17 in 2003, well in advance of its statutory implementation date of 2005/06. UWIC's results for 2003/04 are disclosed both before and after the effects of FRS 17 in the attached tables for comparative purposes.

## **INCOME AND EXPENDITURE ACCOUNT**

- 5 In 2005/06 there were 13 higher education institutions in Wales with a total income of £922m of which 41.6% (2004/05 – 41.8%), came from the Higher Education Funding Council for Wales (HEFCW) grant as shown in Table 4. Staff costs' expenditure accounted for 58.1% (2004/05 – 58.5%) of total income (Table 5). The sector reported an operating surplus of £11.85m (restated 2004/05 surplus £12.12m) as shown in Table 2. Three institutions, compared to two in 2004/05, reported an operating deficit. The sector historical cost surplus as shown in Table 3 was £25.8m (restated 2004/05 – surplus £22.6m). Two institutions reported an historical cost deficit in 2005/06 (no change from the restated 2004/05 figures).

## **BALANCE SHEET**

- 6 Table 8 shows that net assets increased by 4.7% from £873m to £914m and excluding pension liabilities, by 4.9% from £1,041m to £1,092m. As shown in Table 12, net liquid assets improved to the equivalent of 93 days' expenditure (net of depreciation and the effects of FRS 17) from 91 last year. Table 11 demonstrates an unchanged current ratio for the sector at 1.98. Total long-term debt, as shown in Table 13, increased by £22m to close at £78.5m.

## **CASH FLOW STATEMENT**

- 7 Table 17 shows that the sector reported an overall outflow in cash of £1.7m in 2005/06, compared to an inflow of £8.6m in 2004/05. Cash flow from operating activities and payments to acquire fixed assets were at similar levels to last year, but secured loans amounted to £30.7m in the year.

## **FURTHER INFORMATION**

- 8 Further information about the published tables may be obtained from: Nick Williams, Head of Finance, Higher Education Funding Council for Wales, Linden Court, Ilex Close, Llanishen, Cardiff. CF14 5DZ.

## HE FINANCE DATA DEFINITIONS

### 1 SOURCES OF INCOME

#### **Funding Council grants**

Council Grants includes funding for higher education from HEFCW and for further education from DELLS.

#### **Tuition fees and support grants**

This category includes all income received in respect of fees for students on courses for which fees are charged.

#### **Research grants and contracts**

This category contains all income in respect of externally sponsored research carried out by the institution for which directly related expenditure has been incurred. It includes income from:

- OST research councils;
- UK based charities;
- UK government bodies, health and hospital authorities;
- UK industry, commerce and public corporations;
- EU sources
- other overseas sources;
- other sources.

#### **Other operating income**

This category contains all income in respect of services rendered to outside bodies, including the supply of goods and consultancies. It includes income from other services rendered:

- course validation fees;
- teaching companies;
- UK government bodies, health and hospital authorities;
- UK industry, commerce and public corporations;
- EU sources;
- other overseas sources;
- other sources; and other general operating income:
- residences and catering operations;
- grants from local authorities;
- income from health and hospital authorities;
- released from deferred capital grants;
- income from intellectual property rights;
- other general income.

#### **Endowment income and interest receivable**

**Specific endowments** includes the appropriate amount of the income from the investment of specific endowments necessary to match the expenditure incurred on the purpose for which the specific endowment was provided.

**General endowments** includes the full amount of the income from the investment of general endowments (including the income earned from the capital of the endowment whether arising from the interest or dividends on investments, bank interest or rents from real property).

**Interest receivable** includes interest receivable on, and the net surplus or deficit from the realisation or revaluation of, short term.

## **2 CATEGORIES OF EXPENDITURE**

### **Staff costs**

**Academic staff** includes costs in respect of academic staff, defined as staff whose primary function is teaching and/or research, paid from within the budgets of academic departments and allocated to the appropriate cost centre.

**Other staff** includes costs in respect of all other staff paid from within the budgets of academic departments and allocated to the appropriate cost centre.

### **Other costs**

**Depreciation** includes depreciation costs on equipment capitalised according to where the assets being depreciated are located.

**Other operating expenses** includes costs in respect of payments to non-contracted staff or individuals, all other non-staff costs, equipment which has not been depreciated, expenditure on maintenance contracts and telephone costs (calls, rental and non-capitalised equipment) if not charged to departments.

**Interest payable** includes costs in respect of interest payable on premises, residences and catering operations and other expenditure.

## **3 EXPENDITURE ACTIVITIES**

### **Academic departments**

This section contains all expenditure directly incurred by or on behalf of academic departments which is not reimbursable by Research Councils or other bodies in respect of work carried out on their behalf.

### **Academic services**

This section includes expenditure incurred on centralised academic services such as the library, Learning Resource Centres, Central Computers, etc. There are three academic services cost centres to which this expenditure can be attributed. They are:

- Central libraries and information services ;
- Central computer and computer networks;
- Other academic services.

### **Administration and central services**

This section includes expenditure incurred on central administration, general expenditure and staff and student facilities and amenities. It includes expenditure on:

- Central administration and services;
- General education;
- Staff and student facilities.

### **Premises**

This section includes all expenditure incurred on the maintenance of premises and on roads and ground (except residences and catering).

### **Residences and catering operations**

This section includes expenditure incurred in providing the residence, catering and any conference operations, including the cost of maintenance of residential and catering premises, salaries and any other identifiable costs relating to these operations.

### **Research grants and contracts**

This section includes the total of the direct costs attributed to research grants and contracts as detailed for research grants and contracts income.

## **4 FINANCE RATIOS**

### **Table 1: Total income**

Numerator: Total income for year.

### **Table 2 (top): Surplus/(deficit) on continuing operations (after depreciation and before tax)**

Numerator: Surplus/(deficit) on continuing operations after depreciation of assets and before tax.

### **Table 2 (bottom): Surplus/(deficit) on continuing operations (after depreciation and before tax) excluding effects of FRS 17**

Numerator: Surplus/(deficit) on continuing operations after depreciation of assets and before tax excluding effects of FRS 17 (current service costs, contributions and financing, as disclosed in note to accounts on pension scheme movements in year).

### **Table 3 (top): Historical cost surplus/(deficit)**

Numerator: Historical cost surplus/(deficit) after tax.

### **Table 3 (bottom): Historical cost surplus/(deficit) excluding effects of FRS 17**

Numerator: Historical cost surplus/(deficit) after tax excluding effects of FRS 17 (current service costs, contributions and financing, as disclosed in note to accounts on pension scheme movements in year).

### **Table 4: HEFCW grant as a percentage of total income**

Numerator: Grants from HEFCW are taken as council grants for HE provision, which includes recurrent grants for research, other recurrent grants, grants for special initiatives, capital grants for buildings and capital grants for equipment.

Denominator: Total income.

### **Table 5: Staff costs as a percentage of total income**

Numerator: Total staff costs' expenditure includes costs in respect of all staff paid from within the budgets of academic departments and allocated to the appropriate cost centre.

Denominator: Total income.

### **Table 6 (top): Premises expenditure (staff costs & other operating costs) & premises capital additions**

Numerator: Premises staff operational costs, premises other operating expenses and land and buildings' and assets in the course of construction additions for year.

### **Table 6 (bottom): Premises expenditure (as above) & premises additions as a percentage of total income**

Numerator: Premises staff operational costs, premises other operating expenses and land and buildings' and assets in the course of construction additions for year.

Denominator: Total income

**Table 7: Interest payable (net of pension interest)**

Numerator: Interest payable includes costs in respect of interest payable on premises, residences and catering operations and other expenditure, but excludes all pension interest/finance costs.

**Table 8 (top): Net assets**

Numerator: Net assets after deducting pension liabilities.

**Table 8 (bottom): Net assets (excluding pension liability)**

Numerator: Net assets before deducting pension liabilities.

**Table 9: Net liquid assets**

Numerator: Investments plus cash at bank and in hand minus bank loans and overdraft.

**Table 10: Increase/(decrease) in net liquid assets**

Numerator: Increase/(decrease) in net liquid assets.

**Table 11: Current ratio**

Numerator: Total current assets, including; stocks and stores in hand, debtors, investments and cash at bank and in hand.

Denominator: Current liabilities are taken as creditors: amounts falling due within one year.

**Table 12: Days' net liquid assets to total expenditure (excluding depreciation and effects of FRS 17)**

Numerator: Investments plus cash at bank and in hand minus bank loans and overdraft.

Denominator: Total expenditure less depreciation charge, less effects of FRS 17 (current service costs, contributions and financing, as disclosed in note to accounts on pension scheme movements in year).

**Table 13: Long term debt**

Numerator: Long term debt is taken as long term borrowing creditors.

**Table 14: Long term debt/cash generated**

Numerator: Long term borrowing creditors.

Denominator: Cash inflow/(outflow) before management of liquid resources and financing.

TABLE 1

## TOTAL INCOME

	2003/04	2004/05	2005/06
	£k	restated £k	£k
University of Glamorgan	82,619	95,503	102,492
University of Wales, Aberystwyth	73,452	75,557	77,185
University of Wales, Bangor	81,546	87,300	93,638
Cardiff University	197,526	313,754	343,857
University of Wales, Lampeter	10,410	11,340	12,876
University of Wales Swansea	100,799	108,253	116,058
University of Wales College of Medicine	98,814	N/A	N/A
University of Wales Institute, Cardiff*	52,411	55,680	59,744
University of Wales, Newport	32,148	33,784	35,894
North East Wales Institute	24,188	25,551	27,307
Swansea Institute of Higher Education	20,325	22,685	25,031
Trinity College Carmarthen	10,148	10,872	11,706
Royal Welsh College of Music and Drama	7,038	8,109	7,994
University of Wales Registry	7,777	8,062	8,436
<b>Sector Total</b>	<b>799,201</b>	<b>856,450</b>	<b>922,218</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 2

**SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS (AFTER DEPRECIATION AND BEFORE TAX)**

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	2,970	950	667
University of Wales, Aberystwyth	1,039	417	(47)
University of Wales, Bangor	(381)	841	441
Cardiff University	5,805	6,548	7,269
University of Wales, Lampeter	(423)	482	1,027
University of Wales Swansea	536	(1,061)	(2,210)
University of Wales College of Medicine	(1,937)	N/A	N/A
University of Wales Institute, Cardiff*	(744)	754	471
University of Wales, Newport	30	(414)	64
North East Wales Institute	1,176	1,153	1,672
Swansea Institute of Higher Education	2,100	2,132	1,974
Trinity College Carmarthen	201	113	297
Royal Welsh College of Music and Drama	(66)	(502)	(164)
University of Wales Registry	825	704	391
<b>Sector Total</b>	<b>11,131</b>	<b>12,117</b>	<b>11,852</b>

**SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS (AFTER DEPRECIATION AND BEFORE TAX)****Excluding effects of FRS 17**

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	2,970	1,970	1,587
University of Wales, Aberystwyth	1,039	625	265
University of Wales, Bangor	(381)	1,551	1,119
Cardiff University	5,805	8,748	5,369
University of Wales, Lampeter	(423)	582	1,227
University of Wales Swansea	536	(561)	(1,910)
University of Wales College of Medicine	(1,937)	N/A	N/A
University of Wales Institute, Cardiff*	7	1,157	1,269
University of Wales, Newport	30	12	96
North East Wales Institute	1,176	1,224	1,361
Swansea Institute of Higher Education	2,100	2,432	2,214
Trinity College Carmarthen	201	178	252
Royal Welsh College of Music and Drama	(66)	(442)	(94)
University of Wales Registry	825	764	319
<b>Sector Total</b>	<b>11,882</b>	<b>18,240</b>	<b>13,074</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

- UWIC implemented FRS 17 in 2003/04 and its deficit of £744k reflects this. It was the only institution to do so.

TABLE 3

**HISTORICAL COST SURPLUS/(DEFICIT)**

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	2,988	2,144	2,831
University of Wales, Aberystwyth	3,144	2,521	2,426
University of Wales, Bangor	500	1,004	1,376
Cardiff University	8,866	11,007	11,220
University of Wales, Lampeter	(423)	482	1,027
University of Wales Swansea	3,436	(1,061)	(1,563)
University of Wales College of Medicine	(1,642)	N/A	N/A
University of Wales Institute, Cardiff*	1,326	1,633	1,558
University of Wales, Newport	829	112	590
North East Wales Institute	1,510	1,487	2,006
Swansea Institute of Higher Education	2,301	2,333	2,175
Trinity College Carmarthen	201	597	1,777
Royal Welsh College of Music and Drama	63	(373)	(34)
University of Wales Registry	825	704	391
<b>Sector Total</b>	<b>23,924</b>	<b>22,590</b>	<b>25,780</b>

**HISTORICAL COST SURPLUS/(DEFICIT)****Excluding effects of FRS 17**

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	2,988	3,164	3,751
University of Wales, Aberystwyth	3,144	2,729	2,738
University of Wales, Bangor	500	1,714	2,054
Cardiff University	8,866	13,207	9,320
University of Wales, Lampeter	(423)	582	1,227
University of Wales Swansea	3,436	(561)	(1,263)
University of Wales College of Medicine	(1,642)	N/A	N/A
University of Wales Institute, Cardiff*	2,077	2,036	2,356
University of Wales, Newport	829	538	622
North East Wales Institute	1,510	1,558	1,695
Swansea Institute of Higher Education	2,301	2,633	2,415
Trinity College Carmarthen	201	662	1,733
Royal Welsh College of Music and Drama	63	(313)	36
University of Wales Registry	825	764	319
<b>Sector Total</b>	<b>24,675</b>	<b>28,713</b>	<b>27,003</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

- UWIC implemented FRS 17 in 2003/04 and its surplus of £1,326k reflects this. It was the only institution to do so.

TABLE 4

## HEFCW GRANT AS A PERCENTAGE OF TOTAL INCOME

	2003/04	2004/05	2005/06
		restated	
	%	%	%
University of Glamorgan	52.25	48.40	46.02
University of Wales, Aberystwyth	44.14	44.26	45.76
University of Wales, Bangor	42.06	40.11	39.80
Cardiff University	40.70	33.91	33.59
University of Wales, Lampeter	57.41	52.87	50.95
University of Wales Swansea	38.53	35.62	34.48
University of Wales College of Medicine	21.25	N/A	N/A
University of Wales Institute, Cardiff	48.93	47.44	47.90
University of Wales, Newport	61.35	61.60	60.24
North East Wales Institute	62.07	63.76	58.67
Swansea Institute of Higher Education	64.48	64.43	62.43
Trinity College Carmarthen	56.45	52.58	53.23
Royal Welsh College of Music and Drama	73.50	67.06	72.57
University of Wales Registry	8.22	9.55	14.27
<b>Sector average</b>	<b>42.68</b>	<b>41.79</b>	<b>41.58</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 5

## STAFF COSTS AS A PERCENTAGE OF TOTAL INCOME

	2003/04	2004/05	2005/06
		restated	
	%	%	%
University of Glamorgan	59.23	59.64	59.26
University of Wales, Aberystwyth	56.74	55.94	57.16
University of Wales, Bangor	62.14	60.10	59.93
Cardiff University	55.82	57.08	55.73
University of Wales, Lampeter	68.63	61.62	58.81
University of Wales Swansea	58.71	61.43	62.02
University of Wales College of Medicine	53.59	N/A	N/A
University of Wales Institute, Cardiff	60.48	58.74	59.92
University of Wales, Newport	58.74	61.46	62.18
North East Wales Institute	59.45	59.51	56.15
Swansea Institute of Higher Education	60.42	59.46	58.47
Trinity College Carmarthen	63.30	59.06	58.79
Royal Welsh College of Music and Drama	63.74	59.28	64.44
University of Wales Registry	41.37	40.42	43.98
<b>Sector average</b>	<b>57.83</b>	<b>58.48</b>	<b>58.12</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 6

**PREMISES EXPENDITURE (STAFF COSTS & OTHER OPERATING COSTS) & PREMISES ADDITIONS**

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
		<b>restated</b>	
	£k	£k	£k
University of Glamorgan	6,778	8,141	13,938
University of Wales, Aberystwyth	7,265	9,158	12,703
University of Wales, Bangor	12,549	11,426	12,592
Cardiff University	18,616	63,143	37,714
University of Wales, Lampeter	879	1,116	933
University of Wales Swansea	13,888	11,883	22,164
University of Wales College of Medicine	9,060	N/A	N/A
University of Wales Institute, Cardiff	3,544	3,971	4,853
University of Wales, Newport	4,468	4,684	9,044
North East Wales Institute	1,725	3,219	4,611
Swansea Institute of Higher Education	2,458	8,447	7,928
Trinity College Carmarthen	991	2,026	1,564
Royal Welsh College of Music and Drama	680	1,488	690
University of Wales Registry	185	162	126
<b>Sector total</b>	<b>83,086</b>	<b>128,864</b>	<b>128,860</b>

**PREMISES EXPENDITURE (AS ABOVE) & PREMISES ADDITIONS AS A PERCENTAGE OF TOTAL INCOME**

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
		<b>restated</b>	
	%	%	%
University of Glamorgan	8.20	9.16	13.60
University of Wales, Aberystwyth	9.89	12.12	16.46
University of Wales, Bangor	15.39	13.09	13.45
Cardiff University	9.42	20.06	10.95
University of Wales, Lampeter	8.44	9.84	7.25
University of Wales Swansea	13.78	10.98	19.10
University of Wales College of Medicine	9.17	N/A	N/A
University of Wales Institute, Cardiff	6.76	7.13	8.12
University of Wales, Newport	13.90	13.86	25.20
North East Wales Institute	7.13	12.60	16.89
Swansea Institute of Higher Education	12.09	37.24	31.67
Trinity College Carmarthen	9.76	18.64	13.36
Royal Welsh College of Music and Drama	9.66	18.35	8.63
University of Wales Registry	2.38	2.01	1.49
<b>Sector average</b>	<b>10.40</b>	<b>15.15</b>	<b>13.96</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06. NB No staff costs by premises activity are disclosed in their financial statements by the University of Wales Institute, Cardiff, North East Wales Institute or University of Wales Registry. This information has been provided separately.

TABLE 7

**INTEREST PAYABLE (NET OF PENSION INTEREST)**

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
		<b>restated</b>	
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	246	302	265
University of Wales, Aberystwyth	273	145	0
University of Wales, Bangor	984	1,006	904
Cardiff University	1,854	1,822	2,288
University of Wales, Lampeter	59	61	50
University of Wales Swansea	785	769	690
University of Wales College of Medicine	0	N/A	N/A
University of Wales Institute, Cardiff*	541	521	495
University of Wales, Newport	188	180	0
North East Wales Institute	351	209	1
Swansea Institute of Higher Education	77	77	67
Trinity College Carmarthen	131	140	121
Royal Welsh College of Music and Drama	0	0	0
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>5,489</b>	<b>5,232</b>	<b>4,881</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

\* UWIC implemented FRS 17 in 2003/04, the only institution to do so. Its total interest figure including pension interest was £1,121k.

TABLE 8

## NET ASSETS

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	76,995	55,676	58,945
University of Wales, Aberystwyth	141,001	126,715	129,432
University of Wales, Bangor	92,346	89,335	92,949
Cardiff University	284,204	317,006	326,264
University of Wales, Lampeter	12,879	11,866	12,546
University of Wales Swansea	48,590	35,004	41,424
University of Wales College of Medicine	56,326	N/A	N/A
University of Wales Institute, Cardiff*	103,428	115,090	115,354
University of Wales, Newport	31,219	25,218	25,363
North East Wales Institute	27,390	23,583	28,331
Swansea Institute of Higher Education	35,271	34,577	39,369
Trinity College Carmarthen	4,575	4,474	6,966
Royal Welsh College of Music and Drama	10,907	8,220	8,004
University of Wales Registry	23,851	26,715	28,667
<b>Sector Total</b>	<b>948,982</b>	<b>873,479</b>	<b>913,614</b>

## NET ASSETS

## Excluding pension liability

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	76,995	85,026	90,155
University of Wales, Aberystwyth	141,001	144,217	148,374
University of Wales, Bangor	92,346	97,543	102,651
Cardiff University	284,204	357,906	367,388
University of Wales, Lampeter	12,879	14,678	16,320
University of Wales Swansea	48,590	54,604	64,924
University of Wales College of Medicine	56,326	N/A	N/A
University of Wales Institute, Cardiff*	119,658	136,340	137,534
University of Wales, Newport	31,219	36,790	37,218
North East Wales Institute	27,390	30,921	35,747
Swansea Institute of Higher Education	35,271	39,317	44,429
Trinity College Carmarthen	4,575	5,642	8,156
Royal Welsh College of Music and Drama	10,907	10,250	10,124
University of Wales Registry	23,851	27,326	29,239
<b>Sector Total</b>	<b>965,212</b>	<b>1,040,560</b>	<b>1,092,259</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

- UWIC implemented FRS 17 in 2003/04 and its net assets of £103,428k reflect this. It was the only institution to do so.

TABLE 9

## NET LIQUID ASSETS

	2003/04	2004/05	2005/06
	£k	restated £k	£k
University of Glamorgan	32,473	41,371	45,265
University of Wales, Aberystwyth	21,975	18,304	18,747
University of Wales, Bangor	6,922	9,852	12,849
Cardiff University	77,563	62,282	86,370
University of Wales, Lampeter	635	2,311	3,229
University of Wales Swansea	13,294	15,772	8,353
University of Wales College of Medicine	7,823	N/A	N/A
University of Wales Institute, Cardiff	6,213	9,677	11,487
University of Wales, Newport	9,316	10,163	5,582
North East Wales Institute	7,857	8,649	7,951
Swansea Institute of Higher Education	11,897	10,167	10,056
Trinity College Carmarthen	1,606	2,632	3,704
Royal Welsh College of Music and Drama	1,205	1,454	1,352
University of Wales Registry	6,430	5,854	6,277
<b>Sector Total</b>	<b>205,209</b>	<b>198,488</b>	<b>221,222</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 10

## INCREASE/(DECREASE) IN NET LIQUID ASSETS

	2003/04	2004/05	2005/06
		restated	
	£k	£k	£k
University of Glamorgan	600	8,898	3,894
University of Wales, Aberystwyth	7,671	(3,671)	443
University of Wales, Bangor	1,686	2,930	2,997
Cardiff University	12,811	(15,281)	24,088
University of Wales, Lampeter	(144)	1,676	918
University of Wales Swansea	(2,956)	2,478	(7,419)
University of Wales College of Medicine	(4,104)	N/A	N/A
University of Wales Institute, Cardiff	720	3,464	1,810
University of Wales, Newport	(516)	847	(4,581)
North East Wales Institute	(208)	792	(698)
Swansea Institute of Higher Education	2,647	(1,730)	(111)
Trinity College Carmarthen	636	1,026	1,072
Royal Welsh College of Music and Drama	119	249	(102)
University of Wales Registry	605	(576)	423
<b>Sector Total</b>	<b>19,567</b>	<b>1,102</b>	<b>22,734</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 11

## CURRENT RATIO

	2003/04	2004/05 restated	2005/06
University of Glamorgan	2.50	2.50	2.43
University of Wales, Aberystwyth	3.03	2.76	2.45
University of Wales, Bangor	1.21	1.34	1.32
Cardiff University	4.23	2.12	2.40
University of Wales, Lampeter	0.91	1.14	1.52
University of Wales Swansea	1.58	1.28	1.06
University of Wales College of Medicine	1.11	N/A	N/A
University of Wales Institute, Cardiff	1.47	1.58	1.58
University of Wales, Newport	1.82	1.76	1.21
North East Wales Institute	1.44	1.66	1.57
Swansea Institute of Higher Education	5.74	4.27	3.70
Trinity College Carmarthen	1.52	1.38	2.43
Royal Welsh College of Music and Drama	1.44	1.54	1.47
University of Wales Registry	2.84	3.87	4.71
<b>Sector Total</b>	<b>2.26</b>	<b>1.98</b>	<b>1.98</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06

TABLE 12

**DAYS' NET LIQUID ASSETS TO TOTAL EXPENDITURE**  
**Excluding depreciation and effects of FRS 17**

	2003/04	2004/05	2005/06
		restated	
	Days	Days	Days
University of Glamorgan	154	166	169
University of Wales, Aberystwyth	119	95	95
University of Wales, Bangor	32	44	53
Cardiff University	155	78	97
University of Wales, Lampeter	23	84	108
University of Wales Swansea	51	57	27
University of Wales College of Medicine	29	N/A	N/A
University of Wales Institute, Cardiff	45	67	74
University of Wales, Newport	113	116	60
North East Wales Institute	130	136	120
Swansea Institute of Higher Education	251	189	169
Trinity College Carmarthen	62	94	125
Royal Welsh College of Music and Drama	67	67	65
University of Wales Registry	343	295	289
<b>Sector average</b>	<b>100</b>	<b>91</b>	<b>93</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 13

## LONG TERM DEBT

	2003/04	2004/05	2005/06
	£k	restated £k	£k
University of Glamorgan	4,909	3,796	14,335
University of Wales, Aberystwyth	3,128	0	0
University of Wales, Bangor	14,469	13,868	13,190
Cardiff University	22,298	19,546	33,588
University of Wales, Lampeter	1,066	902	699
University of Wales Swansea	9,587	8,812	7,917
University of Wales College of Medicine	0	N/A	N/A
University of Wales Institute, Cardiff	6,817	6,361	5,872
University of Wales, Newport	2,395	0	0
North East Wales Institute	1,926	0	0
Swansea Institute of Higher Education	1,257	1,114	972
Trinity College Carmarthen	2,190	2,190	1,976
Royal Welsh College of Music and Drama	0	0	0
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>70,042</b>	<b>56,589</b>	<b>78,549</b>

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

**TABLE 14****LONG TERM BEBT/CASH GENERATED**

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
		<b>restated</b>	
University of Glamorgan	3.35	0.41	(2.16)
University of Wales, Aberystwyth	0.17	0.00	0.00
University of Wales, Bangor	6.06	3.94	3.41
Cardiff University	2.08	(0.96)	3.31
University of Wales, Lampeter	133.25	0.40	0.75
University of Wales Swansea	(3.98)	1.62	(1.10)
University of Wales College of Medicine	0.00	N/A	N/A
University of Wales Institute, Cardiff	4.87	1.62	2.56
University of Wales, Newport	(4.71)	0.00	0.00
North East Wales Institute	(13.66)	0.00	0.00
Swansea Institute of Higher Education	0.45	(0.70)	31.35
Trinity College Carmarthen	2.58	2.06	1.43
Royal Welsh College of Music and Drama	0.00	0.00	0.00
University of Wales Registry	0.00	0.00	0.00

Coverage: All higher education institutions in Wales.

Cardiff University and the University of Wales College of Medicine merged in 2004/05.

Source: Audited financial statements 2005/06.

TABLE 15

## SECTOR INCOME AND EXPENDITURE ACCOUNT

	2003/04	2004/05	2005/06
	£k	restated £k	£k
<b>INCOME</b>			
Funding Council Grants	341,116	355,694	377,067
Tuition fees and Education contracts	174,628	189,966	199,982
Research grants and contracts	99,625	112,058	123,433
Other income	183,832	198,732	221,736
<b>Total Income</b>	<b>799,201</b>	<b>856,450</b>	<b>922,218</b>
<b>EXPENDITURE</b>			
Staff costs	459,357	498,241	531,491
Exceptional Restructuring Costs	2,848	3,850	4,490
Other operating expenses	282,723	293,437	325,477
Depreciation	36,993	39,548	40,809
Interest payable	6,149	9,257	8,099
<b>Total Expenditure</b>	<b>788,070</b>	<b>844,333</b>	<b>910,366</b>
Surplus on continuing operations after depreciation of fixed assets at valuation and before tax	11,131	12,117	11,852
Profit on disposal of assets	3,842	1,534	3,701
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax	14,973	13,651	15,553
Taxation	0	0	0
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	14,973	13,651	15,553
Transfer from accumulated income within specific endowments	(263)	(497)	(794)
Surplus retained within general reserves	14,710	13,154	14,759
Difference between Historical Cost depreciation and the actual charge for the period calculated on the re-valued amount	8,219	8,501	8,598
Realisation of property revaluation gain of previous years	732	438	1,629
<b>Historic Cost Surplus for the period</b>	<b>23,924</b>	<b>22,590</b>	<b>25,780</b>

TABLE 16

## SECTOR BALANCE SHEET

	As at 31 July 2004	As at 31 July 2005 restated	As at 31 July 2006
	£k	£k	£k
<b>Fixed Assets</b>			
Land and Buildings	809,942	867,832	919,091
Equipment	28,520	30,491	36,654
Other	8,712	15,227	12,129
Sub total	847,174	913,550	967,874
<b>Endowment Asset Investment</b>	74,959	83,768	90,989
<b>Current assets</b>			
Stock	2,033	2,096	1,992
Debtors	78,447	95,755	96,026
Short term investments	160,864	146,674	168,923
Cash at bank and in hand	57,748	62,067	65,462
Total Current Assets Sub total	299,092	306,592	332,403
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdraft	13,403	9,621	13,163
Other Creditors	118,726	145,147	154,567
Total Current liabilities Sub total	132,129	154,768	167,730
Net Current Assets	166,963	151,824	164,673
Total assets less current liabilities	1,089,096	1,149,142	1,223,536
<b>Creditors: amounts falling due after more than one year</b>			
Reimbursable by HEFCW	4,370	0	0
External borrowing	65,866	56,589	78,549
Other Creditors	32,972	39,683	20,167
Total long term liabilities	103,208	96,272	98,716
Provisions	36,906	12,310	32,561
<b>Net Assets Excluding Pension Liability</b>	<b>948,982</b>	<b>1,040,560</b>	<b>1,092,259</b>
Pension liability	0	(167,081)	(178,645)
<b>Net Assets Including Pension Liability</b>	<b>948,982</b>	<b>873,479</b>	<b>913,614</b>
Deferred Capital grants	190,782	201,980	225,920
<b>Endowment</b>			
Specific Endowments	44,536	52,764	58,170
General Endowments	26,055	31,004	32,922
Total Endowments	70,591	83,768	91,092
<b>Reserves</b>			
Revaluation reserve	382,360	374,055	369,457
Restricted reserve	37	34,491	37,791
General reserve excluding pension liability	305,212	346,266	367,999
Pension reserve	0	(167,081)	(178,645)
General reserve including pension liability	305,212	179,185	189,354
Total Reserves	687,609	587,731	596,602
<b>Total Funds</b>	<b>948,982</b>	<b>873,479</b>	<b>913,614</b>

TABLE 17

## SECTOR CASH FLOW STATEMENT

	2003/2004	2004/2005	2005/2006
	£k	restated £k	£k
<b>Net cash inflow from operating activities</b>	41,170	37,828	37,177
<b>Returns on investments and servicing of finance</b>			
Income from endowments	3,078	3,627	3,514
Income from short term investments	5,557	1,289	4,582
Other Interest received	1,387	10,460	3,335
Interest paid	(5,502)	(5,627)	(2,595)
Other items	0	180	0
Sub total cash inflow from investments	4,520	9,929	8,836
Tax paid	0	0	0
<b>Investing activities</b>			
Payments to acquire tangible assets	(46,461)	(87,309)	(88,236)
Payments to acquire endowment asset investments	(3,261)	(3,347)	(4,153)
Total Payments to acquire fixed/endowment assets	(49,722)	(90,656)	(92,389)
Receipts from sale of tangible assets	2,163	5,043	6,564
Receipts from sale of endowment assets	2,575	2,186	2,001
Deferred capital grants received	35,052	32,315	38,194
Endowments received	999	3,313	1,040
Other items	(45)	5,365	0
Sub total cash outflow from investing activities	(8,978)	(42,434)	(44,590)
Net cash inflow before financing	36,712	5,323	1,423
<b>Management of Liquid Resources</b>	(13,405)	16,095	(26,296)
<b>Financing</b>			
Capital element of finance lease payments	0	(11)	(7)
Mortgages and loans acquired	0	0	30,704
Mortgages and loan capital repayments	(14,670)	(15,342)	(7,520)
Other items	(880)	2,571	0
Sub total cash (outflow) / inflow from financing	(15,550)	(12,782)	23,177
<b>Increase / (decrease) in cash</b>	<b>7,757</b>	<b>8,636</b>	<b>(1,696)</b>