
Analysis of the Financial Position of the HE Sector 2003/04

20 May 2005

Ref: W05/28HE

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 2003/04.

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 2003/04. It does not include the Open University which is not funded by HEFCW.
- 2 Key financial ratios and figures which give an indication of each institution's financial position are provided in Tables 1 to 15. 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 16 to 18.
- 4 Within the sector figures reported for 2003/04, UWIC's figures have been affected by the institution's decision fully to implement Financial Reporting Standard 17 this year, when its likely statutory implementation date is 2005/06. The outcome is that UWIC has taken an additional charge of £543k in interest payable to its income and expenditure account and that general reserves are reported at a small surplus of £156k due to the impact of a reserve for pension liabilities of £16m. These figures also have a material affect on the sector's financial position as noted in this publication.

INCOME AND EXPENDITURE ACCOUNT

- 5 In 2003/04 there were 14 higher education institutions in Wales with a total income of £799m of which £341.1m, or 43 per cent, came from the Higher Education Funding Council for Wales (HEFCW) grant as shown on Table 1. Pay expenditure accounted for £462m as shown on Table 2; this represents 58 per cent of income. The sector reported an operating surplus of £11.1m as shown on Table 5. Five institutions, compared to three in 2002/03, reported an operating deficit. The sector historic cost surplus as shown in Table 6 was £24m. Two institutions reported an historic cost deficit in both 2002/03 and 2003/04.

BALANCE SHEET

- 6 As shown in Table 8, net liquid assets strengthened to the equivalent of 95 days' expenditure. Table 9 demonstrates a strengthening current ratio for the sector at 2.3. The net book value of equipment, as shown in Table 10, decreased to £28.5m, a significant decrease of 8 per cent. Conversely, as demonstrated in Table 11, long term liabilities increased by 18.5 per cent to close at £103m. General Reserves, (inclusive of general endowments), as shown in Table 14, increased by 8 per cent to £331.3m.

CASH FLOW STATEMENT

- 7 Table 15 shows that the sector reported an overall inflow in cash of £7.8m in 2003/04, compared to an inflow of £10.1m last year. Cash flow from operating activities strengthened, payments to acquire fixed assets decreased and there were no new secured loans.

FURTHER INFORMATION

- 8 This circular is intended to provide higher education institutions with an indication of their comparative financial position for 2003/04. It is in addition to, not a replacement for, the Annual Volume of Higher Education Statistics for 2003/04 which will be published by the HEFCW by the end of the year.
- 9 Further information about the published tables may be obtained from: M J Morris, Finance Manager, Higher Education Funding Council for Wales, Linden Court, Illex 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 NCETW.

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: 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 2: Increase/(decrease) in total Pay expenditure year on year

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

Table 3: Total pay expenditure as a percentage of total income

Numerator: Total pay 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 4: Premises expenditure as a percentage of total expenditure

Numerator: Premises non pay operating expenses.

Denominator: Total expenditure.

Table 5: Operating surplus/(deficit)

Numerator: Operating surplus/(deficit) on continuing operations after depreciation of fixed assets at valuation and before tax.

Table 6: Historic cost surplus/(deficit)

Numerator: Historical cost surplus/deficit after tax.

Table 7: Net liquid assets

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

Table 8: Days Net liquid assets to total expenditure

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

Denominator: Total expenditure.

Table 9: 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 10: Equipment balance sheet

Numerator: Fixed Assets equipment total from the balance sheet.

Table 11: Total long term liabilities

Numerator: Long-term liabilities are taken as creditors: amounts falling due after more than one year.

Table 12: Gearing (external borrowing/general reserves)

Numerator: Creditors: amounts falling due after more than one year, External borrowing only.

Denominator: General reserves are taken as reserves: income and expenditure account.

Table 13: Interest payable

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

Table 14: General reserves

Numerator: Total general reserves are taken as reserves: income and expenditure account plus

Endowment: General Endowment.

Table 15: Increase/(decrease) in Cash

Numerator: Increase/(Decrease) in cash.

TABLE 1

HEFCW GRANT AS A PERCENTAGE OF TOTAL INCOME

	2001/02	2002/03	2003/04
	%	%	%
University of Glamorgan	52.67	52.49	52.25
University of Wales, Aberystwyth	42.46	43.43	44.14
University of Wales, Bangor	41.68	42.11	42.06
Cardiff University	39.23	41.09	40.70
University of Wales, Lampeter	57.43	54.46	57.41
University of Wales Swansea	40.27	39.98	38.53
University of Wales College of Medicine	23.23	22.64	21.25
University of Wales Institute, Cardiff	48.53	48.58	48.93
University of Wales, Newport	63.03	61.67	61.35
North East Wales Institute	63.92	65.06	62.07
Swansea Institute of Higher Education	66.42	67.62	64.48
Trinity College Carmarthen	52.69	53.06	56.45
Royal Welsh College of Music and Drama	72.77	71.43	73.50
University of Wales Registry	8.06	8.99	8.22
Sector Total	42.97	43.39	42.68

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 2

STAFF COSTS INCREASE/(DECREASE) IN EXPENDITURE

	2001/02	% +/-	2002/03	% +/-	2003/04
	£K		£K		£K
University of Glamorgan	40,030	9.33	43,766	11.81	48,936
University of Wales, Aberystwyth	37.827	1.54	38,409	8.51	41,679
University of Wales, Bangor	43.667	5.49	46,065	10.01	50,676
Cardiff University	91.172	9.67	99,989	10.28	110,265
University of Wales, Lampeter	6,209	7.09	6,649	7.44	7,144
University of Wales Swansea	52.092	5.19	54,795	8.01	59,182
University of Wales College of Medicine	41.774	9.96	45,933	15.28	52,952
University of Wales Institute, Cardiff	27.692	5.00	29,077	9.02	31,699
University of Wales, Newport	15.135	10.83	16,774	12.58	18,885
North East Wales Institute	12,573	(2.57)	12,250	17.39	14,380
Swansea Institute of Higher Education	10,928	5.76	11,557	6.26	12,280
Trinity College Carmarthen	5,363	17.62	6,308	1.84	6,424
Royal Welsh College of Music & Drama	3,955	9.28	4,322	3.79	4,486
University of Wales Registry	2,924	5.85	3,095	3.94	3,217
Sector Total	391,341	7.06	418,989	10.31	462,205

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 3

PAY AS A PERCENTAGE OF TOTAL INCOME

	2001/02	2002/03	2003/04
	%	%	%
University of Glamorgan	56.81	58.73	59.23
University of Wales, Aberystwyth	54.88	54.38	56.74
University of Wales, Bangor	58.03	58.99	62.14
Cardiff University	54.30	53.47	55.82
University of Wales, Lampeter	63.09	63.10	68.63
University of Wales Swansea	56.88	56.49	58.71
University of Wales College of Medicine	53.99	53.97	53.59
University of Wales Institute, Cardiff	60.69	57.77	60.48
University of Wales, Newport	54.47	55.36	58.74
North East Wales Institute	60.66	54.87	59.45
Swansea Institute of Higher Education	61.07	58.66	60.42
Trinity College Carmarthen	56.30	63.84	63.30
Royal Welsh College of Music and Drama	59.64	62.01	63.74
University of Wales Registry	41.96	44.30	41.37
SECTOR TOTAL	56.19	55.91	57.83

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 4

PREMISES EXPENDITURE

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	4,063	3,518	3,864
University of Wales, Aberystwyth	2,191	2,988	2,327
University of Wales, Bangor	3,828	3,901	3,774
Cardiff University	10,848	8,587	11,387
University of Wales, Lampeter	421	437	459
University of Wales Swansea	3,986	4,815	4,496
University of Wales College of Medicine	2,636	3,067	3,322
University of Wales Institute, Cardiff	848	1,107	794
University of Wales, Newport	1,876	2,246	1,422
North East Wales Institute	483	527	792
Swansea Institute of Higher Education	1,288	1,254	1,253
Trinity College Carmarthen	406	372	327
Royal Welsh College of Music and Drama	471	521	459
University of Wales Registry	0	354	171
Sector Total	33,345	33,369	34,847

PREMISES EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE

	2001/02	2002/03	2003/04
	%	%	%
University of Glamorgan	5.84	4.78	4.85
University of Wales, Aberystwyth	3.27	4.33	3.21
University of Wales, Bangor	5.09	4.99	4.61
Cardiff University	6.58	4.86	5.94
University of Wales, Lampeter	4.17	4.05	4.24
University of Wales Swansea	4.40	5.00	4.48
University of Wales College of Medicine	3.37	3.56	3.30
University of Wales Institute, Cardiff	1.84	2.22	1.49
University of Wales, Newport	7.28	7.60	4.43
North East Wales Institute	2.41	2.52	3.44
Swansea Institute of Higher Education	7.68	7.03	6.88
Trinity College Carmarthen	4.38	3.77	3.29
Royal Welsh College of Music and Drama	7.04	7.58	6.46
University of Wales Registry	0.00	5.13	2.46
Sector Total	4.85	4.60	4.42

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 5

OPERATING SURPLUS/(DEFICIT)

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	885	872	2,970
University of Wales, Aberystwyth	1,936	1,552	1,039
University of Wales, Bangor	51	(50)	(381)
Cardiff University	2,962	10,202	5,805
University of Wales, Lampeter	(262)	(263)	(423)
University of Wales Swansea	923	686	536
University of Wales College of Medicine	(766)	(1,079)	(1,937)
University of Wales Institute, Cardiff*	(581)	556	(744)
University of Wales, Newport	2,000	766	30
North East Wales Institute	726	1,377	1,176
Swansea Institute of Higher Education	1,113	1,855	2,100
Trinity College Carmarthen	258	6	201
Royal Welsh College of Music and Drama	(57)	96	(66)
University of Wales Registry	385	87	825
Sector Total	9,573	16,663	11,131

Coverage: All higher education institutions in Wales.

* Please refer to paragraph 4 of the Introduction

Source: Audited financial statements 2003/04.

TABLE 6

HISTORIC COST SURPLUS/(DEFICIT)

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	903	890	2,988
University of Wales, Aberystwyth	4,035	3,781	3,144
University of Wales, Bangor	1,052	650	500
Cardiff University	6,584	13,263	8,866
University of Wales, Lampeter	(262)	(263)	(423)
University of Wales Swansea	955	686	3,436
University of Wales College of Medicine	(583)	(896)	(1642)
University of Wales Institute, Cardiff*	89	1,435	1,326
University of Wales, Newport	2,538	1,304	829
North East Wales Institute	1,137	1,659	1,510
Swansea Institute of Higher Education	1,314	2,056	2,301
Trinity College Carmarthen	258	6	201
Royal Welsh College of Music and Drama	53	225	63
University of Wales Registry	385	435	825
Sector Total	18,458	25,231	23,924

Coverage: All higher education institutions in Wales.

* Please refer to paragraph 4 of the Introduction

Source: Audited financial statements 2003/04.

TABLE 7

NET LIQUID ASSETS

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	30,901	31,873	32,473
University of Wales, Aberystwyth	10,021	14,304	21,975
University of Wales, Bangor	4,499	5,236	6,922
Cardiff University	63,351	64,752	77,563
University of Wales, Lampeter	626	779	635
University of Wales Swansea	19,017	16,250	13,294
University of Wales College of Medicine	14,850	11,927	7,823
University of Wales Institute, Cardiff	4,174	5,493	6,213
University of Wales, Newport	7,153	9,832	9,316
North East Wales Institute	6,006	8,065	7,857
Swansea Institute of Higher Education	6,380	9,250	11,897
Trinity College Carmarthen	1,167	970	1,606
Royal Welsh College of Music and Drama	322	1,086	1,205
University of Wales Registry	5,141	5,825	6,430
Sector Total	173,608	185,642	205,209

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 8

DAYS NET LIQUID ASSETS TO TOTAL EXPENDITURE

	2001/02	2002/03	2003/04
	Days	Days	Days
University of Glamorgan	162	158	149
University of Wales, Aberystwyth	55	76	111
University of Wales, Bangor	22	24	31
Cardiff University	140	134	148
University of Wales, Lampeter	23	26	21
University of Wales Swansea	77	62	48
University of Wales College of Medicine	69	51	28
University of Wales Institute, Cardiff	33	40	43
University of Wales, Newport	101	122	106
North East Wales Institute	110	141	125
Swansea Institute of Higher Education	139	189	238
Trinity College Carmarthen	46	36	59
Royal Welsh College of Music and Drama	18	58	62
University of Wales Registry	285	308	338
Sector Total	92	92	95

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 9

CURRENT RATIO

	2001/02	2002/03	2003/04
University of Glamorgan	3.00	2.71	2.50
University of Wales, Aberystwyth	1.50	1.71	3.03
University of Wales, Bangor	1.01	1.05	1.21
Cardiff University	2.59	2.63	4.23
University of Wales, Lampeter	1.06	1.04	0.91
University of Wales Swansea	1.44	1.48	1.58
University of Wales College of Medicine	1.49	1.27	1.11
University of Wales Institute, Cardiff	1.02	1.29	1.47
University of Wales, Newport	1.73	1.90	1.82
North East Wales Institute	1.40	1.59	1.44
Swansea Institute of Higher Education	4.17	5.08	5.74
Trinity College Carmarthen	1.86	1.78	1.52
Royal Welsh College of Music and Drama	0.54	1.28	1.44
University of Wales Registry	3.48	3.46	2.84
Sector Total	1.84	1.91	2.26

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 10

EQUIPMENT BALANCE SHEET

	2001/02	2002/03	2003/04
	£K	£K	£K
University of Glamorgan	1,955	3,260	3,621
University of Wales, Aberystwyth	3,316	3,651	3,508
University of Wales, Bangor	2,611	4,109	3,367
Cardiff University	3,340	3,049	3,407
University of Wales, Lampeter	830	972	736
University of Wales Swansea	3,781	4,338	3,536
University of Wales College of Medicine	4,277	3,031	1,961
University of Wales Institute, Cardiff	3,223	3,376	3,367
University of Wales, Newport	2,029	1,863	1,956
North East Wales Institute	548	786	769
Swansea Institute of Higher Education	905	1,045	874
Trinity College Carmarthen	494	291	178
Royal Welsh College of Music and Drama	1,044	1,022	1,060
University of Wales Registry	178	144	180
SECTOR TOTAL	28,531	30,937	28,520

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 11

LONG TERM LIABILITIES

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	9,926	5,776	4,909
University of Wales, Aberystwyth	14,398	13,212	25,016
University of Wales, Bangor	15,951	15,103	14,469
Cardiff University	25,063	23,698	33,382
University of Wales, Lampeter	1,402	1,238	1,066
University of Wales Swansea	11,045	10,334	9,587
University of Wales College of Medicine	0	0	0
University of Wales Institute, Cardiff	7,955	7,248	6,817
University of Wales, Newport	2,739	2,571	2,395
North East Wales Institute	4,138	3,884	1,926
Swansea Institute of Higher Education	2,261	1,396	1,257
Trinity College Carmarthen	2,685	2,605	2,384
Royal Welsh College of Music and Drama	48	0	0
University of Wales Registry	0	0	0
Sector Total	97,611	87,065	70,236

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 12

GEARING (EXTERNAL BORROWING/GENERAL RESERVES)

	2001/02	2002/03	2003/04
	%	%	%
University of Glamorgan	0.16	0.14	0.11
University of Wales, Aberystwyth	0.48	0.40	0.09
University of Wales, Bangor	0.51	0.48	0.45
Cardiff University	0.28	0.23	0.20
University of Wales, Lampeter	0.27	0.25	0.23
University of Wales Swansea	0.56	0.51	0.41
University of Wales College of Medicine	0.00	0.00	0.00
University of Wales Institute, Cardiff	0.77	(4.94)	43.70
University of Wales, Newport	0.00	0.00	0.00
North East Wales Institute	0.44	0.31	0.00
Swansea Institute of Higher Education	0.19	0.14	0.10
Trinity College Carmarthen	1.18	1.14	0.95
Royal Welsh College of Music and Drama	0.00	0.00	0.00
University of Wales Registry	0.00	0.00	0.00
Sector Total	0.33	0.29	0.22

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 13

INTEREST PAYABLE

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	886	576	246
University of Wales, Aberystwyth	704	653	273
University of Wales, Bangor	1,349	1,265	984
Cardiff University	2,169	2,033	1854
University of Wales, Lampeter	83	70	59
University of Wales Swansea	924	841	785
University of Wales College of Medicine	0	0	0
University of Wales Institute, Cardiff*	515	1,121	1,201
University of Wales, Newport	230	199	188
North East Wales Institute	392	376	351
Swansea Institute of Higher Education	160	114	77
Trinity College Carmarthen	159	137	131
Royal Welsh College of Music and Drama	8	5	0
University of Wales Registry	0	0	0
Sector Total	7,579	7,390	6,149

Coverage: All higher education institutions in Wales.

* Please refer to paragraph 4 of the Introduction

Source: Audited financial statements 2003/04.

TABLE 14

GENERAL RESERVES PLUS GENERAL ENDOWMENTS

	2001/02	2002/03	2003/04
	£k	£k	£k
University of Glamorgan	39,667	41,269	44,969
University of Wales, Aberystwyth	40,328	44,281	47,409
University of Wales, Bangor	31,512	32,111	32,590
Cardiff University	88,685	101,939	110,908
University of Wales, Lampeter	7,166	6,898	6,476
University of Wales Swansea	21,955	22,493	26,081
University of Wales College of Medicine	12,872	11,290	9,323
University of Wales Institute, Cardiff*	9,842	(1,466)	156
University of Wales, Newport	11,303	12,607	13,435
North East Wales Institute	4,478	5,937	7,447
Swansea Institute of Higher Education	7,706	9,992	12,293
Trinity College Carmarthen	2,281	2,291	2,497
Royal Welsh College of Music and Drama	1,156	1,223	1,209
University of Wales Registry	14,835	15,450	16,474
Sector Total	293,786	306,315	331,267

Coverage: All higher education institutions in Wales.

* Please refer to paragraph 4 of the Introduction

Source: Audited financial statements 2003/04.

TABLE 15

INCREASE/(DECREASE) IN CASH

	2001/02	2002/03	2003/04
	£K	£K	£K
University of Glamorgan	(475)	592	355
University of Wales, Aberystwyth	3,902	3,335	7,910
University of Wales, Bangor	(437)	672	255
Cardiff University	688	(12)	(913)
University of Wales, Lampeter	(575)	182	(154)
University of Wales Swansea	586	(2,176)	(3,101)
University of Wales College of Medicine	(516)	978	(1,114)
University of Wales Institute, Cardiff	2,870	1,245	994
University of Wales, Newport	(815)	(230)	192
North East Wales Institute	338	2,417	1,001
Swansea Institute of Higher Education	2,004	2,864	2,692
Trinity College Carmarthen	(302)	(52)	127
Royal Welsh College of Music and Drama	(110)	(1)	2
University of Wales Registry	500	322	(489)
Sector Total	7,658	10,136	7,757

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2003/04.

TABLE 16

SECTOR INCOME AND EXPENDITURE ACCOUNT

	2001/02	2002/03	2003/04
INCOME	£'000	£'000	£'000
Funding Council Grants	299,306	325,144	341,116
Tuition fees and Education contracts	143,711	160,178	174,628
Research grants and contracts	90,281	97,668	99,625
Other income	163,197	166,377	183,832
Total Income	696,495	749,367	799,201
EXPENDITURE			
Staff costs	387,502	418,224	459,357
Exceptional Restructuring Costs	3,839	765	2848
Other operating expenses	253,780	269,101	282,723
Depreciation	34,222	37,224	36,993
Interest payable	7,579	7,390	6,149
Total Expenditure	686,922	732,704	788,070
Surplus on continuing operations after depreciation of fixed assets at valuation and before tax	9,573	16,663	11,131
Profit/(Loss) on disposal of assets	32	425	3,842
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax	9,605	17,088	14,973
Taxation	0	0	0
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	9,605	17,088	14,973
Transfer from accumulated income within specific endowments	N/a	N/a	(263)
Surplus retained within general reserves	N/a	N/a	147,10
Difference between Historical Cost depreciation and the actual charge for the period calculated on the re-valued amount	8,528	8,072	8,219
Realisation of property revaluation gain of previous years	325	71	732
Historic Cost Surplus for the period	18,458	25,231	23,924

TABLE 17

SECTOR BALANCE SHEET

	As at 31 July 2002 £'000	As at 31 July 2003 £'000	As at 31 July 2004 £'000
Fixed Assets			
Land and Buildings	769,677	793,314	809,942
Equipment	28,531	30,937	28,520
Other	6,134	7,211	8,712
Sub total	804,342	831,462	847,174
Endowment Asset Investment	71,608	72,548	74,959
Current assets			
Stock	2,054	2,069	2,033
Debtors	66,258	65,907	78,447
Short term investments	136,304	139,954	160,864
Cash at bank and in hand	49,324	56,516	57,748
Total Current Assets Sub total	253,940	264,446	299,092
Creditors: amounts falling due within one year			
Bank loans and overdraft	12,020	10,828	13,403
Other Creditors	125,632	127,874	118,726
Total Current liabilities Sub total	137,652	138,702	132,129
Net Current Assets/Liabilities	116,288	125,744	166,963
Total assets less current liabilities	992,238	1,029,754	1,089,096
Creditors: amounts falling due after more than one year			
Reimbursable by HEFCW	9,839	4,680	4,370
External borrowing	87,772	82,385	65,866
Other Creditors	N/a	N/a	32,972
Total long term liabilities	97,611	87,065	103,208
Provisions	25,737	37,384	36,906
Net Assets	868,890	905,305	948,982
Deferred Capital grants	148,606	171,281	190,782
Endowment			
Specific Endowment	42,426	43,071	44,536
General Endowment	25,233	25,401	26,055
Total Endowment	67,659	68,472	70,591
Reserves			
Revaluation reserve	384,035	384,601	382,360
Restricted reserve	37	37	37
General reserve	268,553	280,914	305,212
Total Reserves	652,625	665,552	687,609
Total Funds	868,890	905,305	948,982

TABLE 18

SECTOR CASH FLOW STATEMENT

	2001/2002	2002/2003	2003/2004
	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities			
	44,150	31,020	41,170
Returns on investments and servicing of finance			
Income from endowments	3,223	3,105	3,087
Income from short term investments	5,995	6,793	5,557
Other Interest received	1,243	1,250	1,387
Interest paid	(7,381)	(6,656)	(5,502)
Other items	6	0	0
Sub total cash inflow/(outflow) from investments	3,086	4,492	4,520
Tax paid	(0)	(0)	(0)
Investing activities			
Payments to acquire tangible assets	(54,639)	(64,587)	(46,461)
Payments to acquire endowment asset investments	(5,047)	(2,010)	(3,261)
Total Payments to acquire fixed/endowment assets	(59,686)	(66,597)	(49,722)
Receipts from sale of tangible assets	1,620	833	2,163
Receipts from sale of endowment assets	3,135	1,973	2,575
Deferred capital grants received	36,813	39,077	35,052
Endowments received	967	180	999
Other items	3,861	5,609	(45)
Sub total cash inflow/(outflow) from investing activities	(13,290)	(18,925)	(8,978)
Net cash inflow/(outflow) before financing	33,946	16,587	36,712
Management of Liquid Resources	(22,605)	(1,455)	(13,405)
Financing			
Capital element of finance lease payments	(2)	(0)	(0)
Mortgages and loans acquired	2,040	3,000	0
Mortgages and loan capital repayments	(4,217)	(8,708)	(14,670)
Other items	(1,504)	712	(880)
Sub total cash inflow/(outflow) from financing	(3,683)	(4,996)	(15,550)
Increase/decrease in cash	7,658	10,136	7,757