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Cylchlythyr

Circular

## Analysis of the financial position of the HE sector 2007/08

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This circular informs institutions of financial health performance indicators for the higher education sector in Wales, as shown by the audited financial statements for 2007/08.

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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 2007/08.
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. All relevant prior year adjustments made by institutions to their 2006/07 accounts have been made in the tables. These adjustments more fairly reflect changes to accounting policies and the Statement of Recommended Accounting Practice (SORP), such as revaluation of land & buildings and accounting for heritage assets. 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, was fully implemented by all institutions in 2005/06.

## **Income and expenditure account**

5. In 2007/08 there were 12 higher education institutions in Wales with a total income of £1,090m (2006/07 £999m) of which 38.45% (2006/07 – 43.31%), came from Funding Council grants as shown in Table 4. It should be noted, however, that in 2006/07 the HEFCW grant included an additional amount of £33.5m that related to the Supplementary Income Stream. Staff costs expenditure accounted for 58.1% (2006/07 – 58.0%) of total income (Table 5). The sector reported an operating surplus of £29.3m (2006/07 surplus £23.1m) as shown in Table 2. Only one institution reported an operating deficit, compared with two in 2006/07. The historical cost surplus for the sector as shown in Table 3 was £43.3m, an increase of £13.8m from 2006/07 at £29.5m. The increase was due mainly to improved operating surpluses (approximately £6m), lower fixed asset impairment costs (£4m) and £4m benefit on acquisition (relating to Aberystwyth University's acquisition of the Institute of Grassland and Environmental Research (IGER)Wales). No institutions reported an historical cost deficit in 2007/08, compared with three in the previous year.

## **Balance sheet**

6. Table 8 shows that net assets remained virtually unchanged from the prior year at £933m. A number of balance sheet revaluations were made in the year, some of which also adjusted the reporting of 2006/07 figures. Excluding pension liabilities, net assets increased by 4.4% from £1,077m to

£1,125m; the pension scheme liabilities rose by 31.6% in the year to £191.6m. As shown in Table 12, net liquid assets improved significantly to the equivalent of 98 days' expenditure (net of depreciation and the effects of FRS 17) from 85 days last year. Table 11 demonstrates a current ratio for the sector of 2.03, compared with 2006/07 at 1.92. Total long-term debt (External borrowing), as shown in Table 13, increased significantly in the year to £103.6m (an increase of 27.9%), largely to fund a number of major capital schemes.

### **Cash flow statement**

7. Table 17 shows that the sector reported an overall outflow of cash of £3.5m in 2007/08, compared to an inflow of £16.2m in 2006/07. Cash flow from operating activities was £59.6m compared to £30.0m in 2006/07, payments to acquire fixed assets were £73.1m (2006/07 £95.1m), and new secured loans amounted to £28.9m (2006/07 £8.8m). Deferred capital grants reduced by £13.1m to £31.9m. The main item of change was through the management of liquid resources; significant cash was placed on short-term deposit, which improved the overall net liquid asset position.

### **Financial sustainability**

8. Although the 2007-08 position shows an improvement over the previous year there are a number of factors which need to be born in mind in assessing the figures. The figures for 2007-08 when adjusted to take account of the full economic cost adjustments for the cost of capital and infrastructure show that the sector's position is an aggregate deficit of £46m. This represents the degree to which the sector is not in a position to provide for a fully sustainable future. The financial position of the sector in the current and future years is also likely to be adversely affected by the economic downturn and the pressure on income streams which this will bring.

### **Further information**

9. Further information about the published tables may be obtained from: Neil Hempstead, Senior Finance Assurance Manager (Tel 029 2068 2286; Email [neil.hempstead@hefcw.ac.uk](mailto:neil.hempstead@hefcw.ac.uk)).

### 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 DCELLS.

##### **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**

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

**Expendable endowments** includes the full amount of the income from the investment of expendable 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 investments

## **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 grounds (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 profit / (loss) on disposal of fixed assets and tax)**

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

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

Numerator: Surplus/(deficit) on continuing operations after depreciation of assets and before profit / (loss) on disposal of fixed assets and 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: Funding Council grant as a percentage of total income**

Numerator: Funding Council grants are taken as grants from HEFCW and DCELLS for HE and FE 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.

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 expenditure on land and buildings and assets in the course of construction in the 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 expenditure on land and buildings' and assets in the course of construction in the 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 overdrafts and loan repayments due in one year.

**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**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	110,527	122,922	131,301
Aberystwyth University	77,185	85,937	95,276
Bangor University	93,638	99,190	107,151
Cardiff University	343,857	**367,237	393,545
University of Wales, Lampeter	12,876	13,939	15,897
Swansea University	116,058	**126,158	143,445
University of Wales Institute, Cardiff	59,744	65,185	70,597
University of Wales, Newport	35,894	39,279	42,746
Glyndŵr University	27,307	29,532	33,969
Swansea Metropolitan University	25,031	27,681	31,398
Trinity University College Carmarthen	11,706	12,714	14,224
University of Wales Registry	8,436	9,421	10,611
<b>Sector Total</b>	<b>922,259</b>	<b>999,195</b>	<b>1,090,160</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

\*\* - includes prior year adjustments

Table 2

**Surplus/(deficit) on continuing operations (after depreciation and before profit/(loss) on disposal of fixed assets and tax)**

	2005/06	2006/07	2007/08
	£k	£k	£k
University of Glamorgan	517	2,176	2,115
Aberystwyth University	(47)	565	46
Bangor University	504	2,053	4,217
Cardiff University	7,269	**9,889	13,660
University of Wales, Lampeter	1,027	1,014	541
Swansea University	(2,210)	(403)	1,829
University of Wales Institute, Cardiff	471	**1,726	976
University of Wales, Newport	64	478	592
Glyndŵr University	1,672	1,527	861
Swansea Metropolitan University	1,974	3,318	3,121
Trinity University College Carmarthen	538	(91)	(12)
University of Wales Registry	391	842	1,385
<b>Sector Total</b>	<b>12,170</b>	<b>23,094</b>	<b>29,331</b>

**Surplus/(deficit) on continuing operations (after depreciation and before profit/(loss) on disposal of fixed assets and tax)**

**Excluding effects of FRS 17**

	2005/06	2006/07	2007/08
	£k	£k	£k
University of Glamorgan	1,507	3,076	3,005
Aberystwyth University	265	362	(535)
Bangor University	1,182	2,039	3,283
Cardiff University	4,789	7,589	12,660
University of Wales, Lampeter	1,227	488	467
Swansea University	(1,910)	97	2,629
University of Wales Institute, Cardiff	1,269	1,976	1,586
University of Wales, Newport	96	1,021	1,389
Glyndŵr University	1,361	1,722	1,140
Swansea Metropolitan University	2,214	3,488	3,251
Trinity University College Carmarthen	252	58	247
University of Wales Registry	319	734	1,264
<b>Sector Total</b>	<b>12,571</b>	<b>22,650</b>	<b>30,386</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

\*\* Includes prior year adjustment

Table 3

**Historical cost surplus/(deficit)**

	2005/06	2006/07	2007/08
	£k	£k	£k
University of Glamorgan	2,790	2,474	2,414
Aberystwyth University	2,426	5,475	6,152
Bangor University	1,376	(2,302)	4,009
Cardiff University	11,220	**13,260	17,030
University of Wales, Lampeter	1,027	1,014	541
Swansea University	(1,563)	(403)	1,829
University of Wales Institute, Cardiff	1,558	**2,420	1,670
University of Wales, Newport	590	1,004	1,116
Glyndŵr University	2,006	1,987	1,322
Swansea Metropolitan University	2,175	3,519	3,322
Trinity University College Carmarthen	2,018	(33)	2,488
University of Wales Registry	391	1,134	1,385
<b>Sector Total</b>	<b>26,014</b>	<b>29,549</b>	<b>43,278</b>

**Historical cost surplus/(deficit)  
Excluding effects of FRS 17**

	2005/06	2006/07	2007/08
	£k	£k	£k
University of Glamorgan	3,780	3,374	3,304
Aberystwyth University	2,738	5,272	5,571
Bangor University	2,054	(2,443)	3,075
Cardiff University	9,320	10,960	16,030
University of Wales, Lampeter	1,227	488	467
Swansea University	(1,263)	97	2,629
University of Wales Institute, Cardiff	2,356	2,670	2,280
University of Wales, Newport	622	1,547	1,913
Glyndŵr University	1,695	2,182	1,601
Swansea Metropolitan University	2,415	3,689	3,452
Trinity University College Carmarthen	1,972	116	2,747
University of Wales Registry	319	1,026	1,264
<b>Sector Total</b>	<b>27,235</b>	<b>28,978</b>	<b>44,333</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

\*\* includes prior year adjustment

**Table 4****Funding Council grant as a percentage of total income**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>%</b>	<b>%</b>	<b>%</b>
University of Glamorgan	53.75	54.93	50.18
Aberystwyth University	45.76	47.63	40.71
Bangor University	39.80	43.32	38.42
Cardiff University	33.59	34.71	32.01
University of Wales, Lampeter	50.95	53.02	46.76
Swansea University	34.48	37.00	32.11
University of Wales Institute, Cardiff	47.90	49.54	41.80
University of Wales, Newport	60.24	58.52	52.09
Glyndŵr University	58.67	58.94	52.34
Swansea Metropolitan University	62.43	66.00	53.29
Trinity University College Carmarthen	53.23	58.34	48.64
University of Wales Registry	14.27	15.04	6.57
<b>Sector average</b>	<b>41.57</b>	<b>43.31</b>	<b>38.45</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

N.B. The 2006/07 HEFCW grant included £33.5m relating to the Supplementary Income Stream

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

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>%</b>	<b>%</b>	<b>%</b>
University of Glamorgan	59.61	60.25	60.73
Aberystwyth University	57.16	56.16	55.86
Bangor University	59.93	58.63	56.65
Cardiff University	55.73	56.21	57.00
University of Wales, Lampeter	58.81	59.37	61.31
Swansea University	62.02	60.29	59.47
University of Wales Institute, Cardiff	59.92	61.59	62.19
University of Wales, Newport	62.18	59.21	60.54
Glyndŵr University	56.15	58.33	60.73
Swansea Metropolitan University	58.47	56.98	54.92
Trinity University College Carmarthen	56.74	61.40	61.20
University of Wales Registry	43.98	39.04	33.71
<b>Sector average</b>	<b>58.09</b>	<b>57.96</b>	<b>58.06</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

Table 6

**Premises expenditure (staff costs & other operating costs) & premises additions**

	2005/06	2006/07	2007/08
	£k	£k	£k
University of Glamorgan	14,628	37,522	21,607
Aberystwyth University	12,703	14,278	12,658
Bangor University	12,592	20,430	15,721
Cardiff University	37,714	38,017	32,385
University of Wales, Lampeter	933	1,516	1,400
Swansea University	22,164	18,434	14,613
University of Wales Institute, Cardiff	4,853	9,920	9,423
University of Wales, Newport	9,044	5,834	8,900
Glyndŵr University	4,611	2,419	3,526
Swansea Metropolitan University	7,928	3,412	3,724
Trinity University College Carmarthen	1,564	4,102	2,046
University of Wales Registry	126	191	237
<b>Sector total</b>	<b>128,860</b>	<b>156,075</b>	<b>126,240</b>

**Premises expenditure (as above) & premises additions as a percentage of total income**

	2005/06	2006/07	2007/08
	%	%	%
University of Glamorgan	13.23	30.53	16.46
Aberystwyth University	16.46	16.61	13.29
Bangor University	13.45	20.53	14.67
Cardiff University	10.95	10.35	8.23
University of Wales, Lampeter	7.25	10.88	8.81
Swansea University	19.10	14.39	10.19
University of Wales Institute, Cardiff	8.12	15.22	13.35
University of Wales, Newport	25.20	14.85	20.82
Glyndŵr University	16.89	8.19	10.38
Swansea Metropolitan University	31.67	12.33	11.86
Trinity University College Carmarthen	13.36	32.26	14.38
University of Wales Registry	1.49	2.03	2.23
<b>Sector average</b>	<b>13.96</b>	<b>15.58</b>	<b>11.58</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

NB No staff costs by premises activity are disclosed in the financial statements of the University of Wales Registry. This information has been provided separately.

**Table 7****Interest payable (excluding pension interest)**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	265	209	1,225
Aberystwyth University	0	0	0
Bangor University	904	898	877
Cardiff University	2,288	2,412	2345
University of Wales, Lampeter	50	44	37
Swansea University	690	565	478
University of Wales Institute, Cardiff	495	469	444
University of Wales, Newport	0	123	247
Glyndŵr University	1	0	0
Swansea Metropolitan University	67	61	47
Trinity University College Carmarthen	121	123	117
University of Wales Registry	0	0	
<b>Sector Total</b>	<b>4,881</b>	<b>4,904</b>	<b>5,817</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

Table 8

<b>Net assets</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	64,061	73,363	70,145
Aberystwyth University	129,432	137,198	149,270
Bangor University	92,949	103,767	107,991
Cardiff University	326,264	346,330	353,204
University of Wales, Lampeter**	12,546	20,831	21,167
Swansea University**	41,424	47,229	44,911
University of Wales Institute, Cardiff**	115,354	60,991	56,456
University of Wales, Newport	25,363	27,358	20,163
Glyndŵr University	28,332	31,407	28,122
Swansea Metropolitan University	39,369	44,031	45,062
Trinity University College Carmarthen	6,966	7,026	6,999
Royal Welsh College of Music and Drama	n/a	n/a	n/a
University of Wales Registry	28,667	31,611	29,590
<b>Sector Total</b>	<b>910,727</b>	<b>931,142</b>	<b>933,080</b>

<b>Net assets Excluding pension liability</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/8</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	97,391	101,053	105,565
Aberystwyth University	148,374	153,277	168,343
Bangor University	102,651	106,136	109,983
Cardiff University	367,664	380,330	393,604
University of Wales, Lampeter**	16,320	22,826	22,667
Swansea University**	64,924	69,229	71,511
University of Wales Institute, Cardiff **	137,534	79,701	81,826
University of Wales, Newport	37,218	38,600	39,976
Glyndŵr University	35,748	37,764	38,793
Swansea Metropolitan University	44,429	48,091	51,022
Trinity University College Carmarthen	8,156	8,302	11,140
Royal Welsh College of Music and Drama	n/a	n/a	n/a
University of Wales Registry	29,239	31,399	30,206
<b>Sector Total</b>	<b>1,089,648</b>	<b>1,076,708</b>	<b>1,124,636</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

\*\* In its statutory accounts for year ended 31 July 2008, UWIC revised its accounting policy on asset valuations back to the 1992 basis (in line with other institutions) and revalued its land and buildings and also restated those assets for the previous year; Swansea University and University of Wales Lampeter introduced revalued heritage assets in their balance sheets in accordance with the SORP requirements.



**Table 9****Net liquid assets**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	46,617	31,552	34,510
Aberystwyth University	18,747	19,904	18,196
Bangor University	12,849	**13,126	16,217
Cardiff University	86,370	77,289	101,140
University of Wales, Lampeter	3,229	5,250	5,657
Swansea University	8,353	15,064	23,572
University of Wales Institute, Cardiff	11,487	11,933	20,900
University of Wales, Newport	5,582	10,968	14,174
Glyndŵr University	8,353	10,264	11,408
Swansea Metropolitan University	10,056	13,695	17,407
Trinity University College Carmarthen	3,704	**744	1,869
University of Wales Registry	6,277	5,716	6,059
<b>Sector Total</b>	<b>221,624</b>	<b>215,505</b>	<b>271,109</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

\*\* - re-stated for prior year adjustment

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

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	3,792	(15,065)	2,958
Aberystwyth University	443	1,157	(1,708)
Bangor University	2,997	277	3,091
Cardiff University	24,088	(9,081)	23,851
University of Wales, Lampeter	918	2,021	407
Swansea University	(7,419)	6,711	8,508
University of Wales Institute, Cardiff	1,810	446	8,967
University of Wales, Newport	(4,581)	5,386	3,206
Glyndŵr University	(296)	1,911	1,144
Swansea Metropolitan University	(111)	3,639	3,712
Trinity University College Carmarthen	1,072	(2,959)	1,125
University of Wales Registry	423	(561)	343
<b>Sector Total</b>	<b>23,136</b>	<b>(6,118)</b>	<b>55,604</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

**Table 11****Current ratio**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
University of Glamorgan	2.38	1.61	1.97
Aberystwyth University	2.45	3.78	3.32
Bangor University	1.32	1.40	1.43
Cardiff University	2.40	2.36	2.39
University of Wales, Lampeter	1.52	1.62	1.75
Swansea University	1.06	1.04	1.08
University of Wales Institute, Cardiff	1.58	1.45	2.02
University of Wales, Newport	1.21	2.04	2.07
Glyndŵr University	1.57	1.80	1.78
Swansea Metropolitan University	3.70	5.32	5.17
Trinity University College Carmarthen	2.43	1.00	1.59
University of Wales Registry	4.71	4.14	4.78
<b>Sector Total</b>	<b>1.98</b>	<b>1.92</b>	<b>2.03</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

**Table 12****Days' net liquid assets to total expenditure  
Excluding depreciation and effects of FRS 17**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>Days</b>	<b>Days</b>	<b>Days</b>
University of Glamorgan	162	100	102
Aberystwyth University	95	91	74
Bangor University	53	52	60
Cardiff University	97	82	101
University of Wales, Lampeter	108	151	140
Swansea University	27	46	65
University of Wales Institute, Cardiff	74	72	114
University of Wales, Newport	60	112	132
Glyndŵr University	120	140	130
Swansea Metropolitan University	169	220	236
Trinity University College Carmarthen	125	23	51
University of Wales Registry	289	243	240
<b>Sector average</b>	<b>93</b>	<b>85</b>	<b>98</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

**Table 13****Long term debt**

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	14,335	13,574	28,851
Aberystwyth University	0	0	0
Bangor University	13,190	15,714	15,417
Cardiff University	33,588	31,116	28,579
University of Wales, Lampeter	699	544	404
Swansea University	7,917	6,876	6,277
University of Wales Institute, Cardiff	5,872	5,705	13,525
University of Wales, Newport	0	4,886	8,317
Glyndŵr University	0	0	0
Swansea Metropolitan University	972	830	687
Trinity University College Carmarthen	1,976	1,778	1,548
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>78,549</b>	<b>81,023</b>	<b>103,605</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

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

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
University of Glamorgan	(2.16)	(0.95)	(2.34)
Aberystwyth University	0.00	0.00	0.00
Bangor University	3.41	(6.45)	4.28
Cardiff University	3.31	(4.71)	1.08
University of Wales, Lampeter	0.75	0.24	0.17
Swansea University	(1.10)	0.93	0.67
University of Wales Institute, Cardiff	2.56	9.29	11.79
University of Wales, Newport	0.00	9.77	(36.80)
Glyndŵr University	0.00	0.00	0.00
Swansea Metropolitan University	31.35	0.22	0.18
Trinity University College Carmarthen	1.43	(0.64)	1.14
University of Wales Registry	0.00	0.00	0.00

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

Table 15

## Sector income and expenditure account

	2005/06	2006/07	2007/08
<b>INCOME</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Funding Council Grants	383,413	432,766	419,205
Tuition fees and Education contracts	199,984	214,856	286,546
Research grants and contracts	124,657	135,775	145,783
Other income	214,205	215,798	238,626
<b>Total Income</b>	<b>922,259</b>	<b>999,195</b>	<b>1,090,160</b>
<b>EXPENDITURE</b>			
Staff costs	531,703	574,665	631,143
Exceptional Restructuring Costs	4,038	4,439	1,823
Other operating expenses	325,435	341,194	368,221
Depreciation	40,814	47,028	50,373
Interest payable	8,099	8,775	9,269
<b>Total Expenditure</b>	<b>910,089</b>	<b>976,101</b>	<b>1,060,829</b>
Surplus on continuing operations after depreciation of fixed assets at valuation and before tax	12,170	23,094	29,331
Profit /(loss) on disposal of assets	5181	(8,240)	1,288
Benefit on acquisition			4,117
Share of JV profit/(loss)	(63)	316	(74)
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax</b>	<b>17,288</b>	<b>15,170</b>	<b>34,662</b>
Taxation	0	0	0
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	17,288	15,170	34,662
Transfer from accumulated income within specific endowments	(795)	(1,034)	(366)
Surplus retained within general reserves	16,493	14,136	34,296
Difference between Historical Cost depreciation and the actual charge for the period calculated on the re-valued amount	8,577	8,152	8,137
Realisation of property revaluation gain of previous years	149	6,227	479
<b>Historic Cost Surplus for the period</b>	<b>26,014</b>	<b>29,549</b>	<b>43,278</b>

N.B.

'Funding Council Grants' - the 2006/07 HEFCW grant included £33.5m relating to the Supplementary Income Stream.

'Tuition fees and Education contracts' – from 2007/08 Welsh HEIs were able to introduce flexible fees payable by full-time home and EU undergraduate students.

Table 16

## Sector balance sheet

	As at 31 July 2006	As at 31 July 2007	As at 31 July 2008
<b>Fixed Assets</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Land and Buildings	916,044	890,410	925,054
Equipment	36,342	37,007	44,457
Other	12,534	36,505	25,360
Sub total	964,920	963,922	994,871
<b>Endowment Asset Investment</b>	91,158	96,998	88,879
<b>Current assets</b>			
Stock	1,993	2,208	3,251
Debtors	96,025	109,865	115,605
Short term investments	175,822	154,378	221,246
Cash at bank and in hand	58,563	70,037	59,244
Total Current Assets Sub total	332,403	336,488	399,346
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdraft	12,761	8,910	9,381
Other Creditors	154,969	165,901	187,529
Total Current liabilities Sub total	167,730	174,811	196,910
Net Current Assets	164,673	161,677	202,436
Total assets less current liabilities	1,220,751	1,222,597	1,286,186
<b>Creditors: amounts falling due after more than one year</b>			
Reimbursable by HEFCW	0	0	0
External borrowing	78,548	81,023	103,605
Other Creditors	42,655	54,532	48,614
Total long term liabilities	121,203	135,555	152,219
Provisions	9,900	10,334	9,331
<b>Net Assets Excluding Pension Liability</b>	<b>1,089,648</b>	<b>1,076,708</b>	<b>1,124,636</b>
Pension liability	(178,921)	(145,566)	(191,556)
<b>Net Assets Including Pension Liability</b>	<b>910,727</b>	<b>931,142</b>	<b>933,080</b>
Deferred Capital grants	225,851	248,127	269,129
<b>Endowment</b>			
Permanent Endowments	57,739	74,221	77,984
Expendable Endowments	33,351	22,778	11,002
Total Endowments	91,090	96,999	88,986
<b>Reserves</b>			
Revaluation reserve	366,663	297,388	287,966
Restricted reserve	37,873	42,588	19,344
General reserve excluding pension liability	368,171	391,606	455,070
Pension reserve	(178,921)	(145,566)	(187,415)
General reserve including pension liability	189,250	246,040	267,655
Total Reserves	593,786	586,016	574,965
<b>Total Funds</b>	<b>910,727</b>	<b>931,142</b>	<b>933,080</b>



Table 17

## Sector cash flow statement

	2005/2006	2006/2007	2007/08
	£k	£k	£k
<b>Net cash inflow from operating activities</b>	37,178	30,018	59,635
<b>Returns on investments and servicing of finance</b>			
Income from endowments	3,515	3,715	3,681
Income from short term investments	1,757	1,911	4,164
Other Interest received	8,164	8,804	9,761
Interest paid	(4,598)	(4,841)	(5,750)
Other items	0	0	0
<b>Sub total</b> cash inflow from investments	8,838	9,589	11,856
Tax paid	0	0	0
<b>Investing activities</b>			
Payments to acquire tangible assets	(88,236)	(95,067)	(73,136)
Payments to acquire endowment asset investments	(4,153)	(7,026)	(5,496)
<b>Total</b> Payments to acquire fixed/endowment assets	(92,389)	(102,093)	(78,632)
Receipts from sale of tangible assets	6,564	4,029	2,790
Receipts from sale of endowment assets	2,001	4,248	6,835
Deferred capital grants received	38,194	45,001	31,932
Endowments received	1,040	987	1,042
Other items	0	0	114
<b>Sub total</b> cash outflow from investing activities	(44,590)	(47,828)	(35,919)
Net cash inflow before financing	1,426	(8,221)	35,572
<b>Management of Liquid Resources</b>	(28,046)	21,234	(62,366)
<b>Financing</b>			
Capital element of finance lease payments	(7)	0	(92)
Mortgages and loans acquired	30,704	8,831	28,944
Mortgages and loan capital repayments	(7,522)	(5,686)	(5,540)
Other items	0	0	0
cash (outflow) / inflow from financing	23,175	3,145	23,312
<b>Increase / (decrease) in cash</b>	<b>(3,445)</b>	<b>16,158</b>	<b>(3,482)</b>