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Cylchlythyr

Circular

## Analysis of the financial position of the HE sector 2008/09

**Date:** 02 June 2010  
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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 2008/09.

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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 2008/09.
2. Key financial ratios and figures which give an indication of each institution's financial position are provided in Tables 1 to 12. 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 2007/08 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 13 to 15.
4. Financial Reporting Standard 17: Retirement Benefits, was fully implemented by all institutions in 2005/06.

## **Income and expenditure account**

5. In 2008/09 there were 12 higher education institutions in Wales with a total income of £1,170m (2007/08 £1,090m) of which 37.63% (2007/08 – 38.46%), came from Funding Council grants as shown in Table 4. It should also be noted 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 58.54% (2007/08 – 58.01%) of total income (Table 5). The sector reported an operating surplus of £22.0m (2007/08 surplus £30.0m) as shown in Table 2. Two institutions reported an operating deficit, compared with one in 2007/08. The historical cost surplus for the sector as shown in Table 3 was £32.2m, a decrease of £11.1m from 2007/08 at £43.3m. The decrease was due mainly to reduced operating surpluses (approximately £8m), no acquisition benefits (£4m), increased staff restructuring costs (£3.3m), unfavourable variance on disposal of assets (£1.5m), offset partly by a gain (£6.5m) on curtailment of the final salary pension scheme at one institution. Three institutions reported an historical cost deficit in 2008/09, compared with none in the previous year.

## **Balance sheet**

6. Table 8 shows net assets reducing by approximately £50m from the prior year to £883m. Excluding pension liabilities, net assets increased by 3.2% from £1.125m to £1.160m; the pension scheme liabilities rose by 44.6% in the year to £277m. As shown in Tables 9 and 10, net liquid assets rose by

£30m to give the equivalent of 100 days' expenditure, a slight increase from 98 days in 2007/08. Table 11 demonstrates a current ratio for the sector of 2.12, compared with 2007/08 at 2.03. Total long-term debt (External borrowing), as shown in Table 12, increased significantly in the year to £122m (increase of 17.8%), largely to fund the continuing programme of major capital schemes at institutions, although it should be noted that in the light of current economic conditions, a number of them are currently reviewing their forecast spend.

### **Cash flow statement**

7. Table 15 shows that the sector reported an overall inflow of cash of £8.7m in 2008/09, compared to an outflow of £3.5m in 2007/08. Cash flow from operating activities was virtually unchanged from 2007/08 at £59.4m, payments to acquire fixed assets were £80.6m (2007/08 £73.1m), and new secured loans amounted to £24.1m (2007/08 £28.9m). Deferred capital grants reduced by £7.1m to £24.8m. £19.4m of cash was placed on short-term deposit, which improved the overall net liquid asset position.

### **Financial sustainability**

8. The 2008-09 position shows a deterioration over the previous year, with reduced operating surpluses and lower funds (due mainly to the significant increase in pensions deficits under FRS 17). When commenting on their financial position against prior year and the current forecasts, all institutions reported significant future pressures on salary costs as well as pension costs, and a number have already commenced implementation of programmes to reduce staff numbers and costs. Some institutions have also supplied recently draft revised forecasts for 2009/10 which generally show a deterioration from those submitted in July 2009. The figures for 2008-09 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 £68m, compared with a deficit of £46m in 2007/08. 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: (top) Viability ratio**

Expendable net assets to long term debt

**Table 10: (bottom) Liquidity ratio (days of expenditure)**

Net liquid assets / (total expenditure less depreciation) \*365

**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 (top): Long term debt**

Numerator: Long term debt is taken as long term external borrowings, excluding other creditors.

**Table 12 (bottom): Long term debt as % of income**

Numerator: Long term external borrowings, excluding other creditors.



**TABLE 1****Total Income**

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	122,922	131,301	139,055
Aberystwyth University	85,937	95,276	110,054
Bangor University	99,190	107,151	115,941
Cardiff University	367,237	393,545	414,359
University of Wales, Lampeter	13,939	15,897	16,105
Swansea University	126,158	143,445	150,269
University of Wales Institute, Cardiff	65,185	70,597	78,280
University of Wales, Newport	39,279	42,746	46,769
Glyndŵr University	29,532	33,969	38,673
Swansea Metropolitan University	27,681	31,398	33,574
Trinity University College Carmarthen	12,714	**14,092	15,492
University of Wales Registry	9,421	10,611	11,853
<b>Sector Total</b>	<b>999,195</b>	<b>1,090,028</b>	<b>1,170,424</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

\*\* - includes prior year adjustments

TABLE 2

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

	2006/07	2007/08	2008/09
	£k	£k	£k
University of Glamorgan	2,176	2,115	1,050
Aberystwyth University	565	46	(2,621)
Bangor University	2,053	4,217	1,772
Cardiff University	9,889	13,660	14,000
University of Wales, Lampeter	1,014	**1,125	656
Swansea University	(403)	1,829	2,450
University of Wales Institute, Cardiff	1,726	976	1,165
University of Wales, Newport	478	592	282
Glyndŵr University	1,527	861	(842)
Swansea Metropolitan University	3,318	3,121	3,096
Trinity University College Carmarthen	(91)	(12)	66
University of Wales Registry	842	**1,458	958
<b>Sector Total</b>	<b>23,094</b>	<b>29,988</b>	<b>22,032</b>

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

	2006/07	2007/08	2008/09
	%	%	%
University of Glamorgan	1.77	1.61	0.76
Aberystwyth University	0.66	0.05	(2.38)
Bangor University	2.07	3.94	1.53
Cardiff University	2.69	3.47	3.38
University of Wales, Lampeter	7.27	**7.08	4.07
Swansea University	(0.32)	1.28	1.63
University of Wales Institute, Cardiff	2.65	1.38	1.49
University of Wales, Newport	1.22	1.38	0.60
Glyndŵr University	5.17	2.53	(2.18)
Swansea Metropolitan University	11.99	9.94	9.22
Trinity University College Carmarthen	(0.72)	** (0.08)	0.43
University of Wales Registry	8.94	**13.74	8.08
<b>Sector Total</b>	<b>2.31</b>	<b>2.75</b>	<b>1.88</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

\*\* Includes prior year adjustment to UW Lampeter and UW Registry for treatment of staff re-structuring costs as exceptional.

TABLE 3

## Historical cost surplus/(deficit)

	2006/07	2007/08	2008/09
	£k	£k	£k
University of Glamorgan	2,474	2,414	(1,125)
Aberystwyth University	5,475	6,152	(632)
Bangor University	(2,302)	4,053	2,327
Cardiff University	**13,260	17,030	17,371
University of Wales, Lampeter	1,014	541	151
Swansea University	(403)	1,829	8,950
University of Wales Institute, Cardiff	**2,420	1,670	869
University of Wales, Newport	1,004	1,116	806
Glyndŵr University	1,987	1,322	(381)
Swansea Metropolitan University	3,519	3,322	3,341
Trinity University College Carmarthen	(33)	2,488	66
University of Wales Registry	1,134	1,385	430
<b>Sector Total</b>	<b>29,549</b>	<b>43,322</b>	<b>32,173</b>

## Historical cost surplus/(deficit) as % of total income

	2006/07	2007/08	2008/09
	%	%	%
University of Glamorgan	2.01	1.84	(0.81)
Aberystwyth University	6.37	6.46	(0.57)
Bangor University	(2.32)	3.74	2.01
Cardiff University	3.61	4.33	4.19
University of Wales, Lampeter	7.27	3.40	0.94
Swansea University	(0.32)	1.28	**5.96
University of Wales Institute, Cardiff	3.71	2.37	1.11
University of Wales, Newport	2.56	2.61	1.72
Glyndŵr University	6.73	3.89	(0.99)
Swansea Metropolitan University	12.71	10.58	9.95
Trinity University College Carmarthen	(0.26)	17.49	***0.43
University of Wales Registry	12.04	13.05	3.63
<b>Sector Total</b>	<b>2.96</b>	<b>3.97</b>	<b>2.75%</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

\*\* Swansea University benefited from exceptional gain due to change in pension scheme rules in 2008/09

\*\*\* Trinity University College received benefit of land and buildings sale on 2007/08, which although forecast to be repeated in 2008/09, did not take place.

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

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>%</b>	<b>%</b>	<b>%</b>
University of Glamorgan	54.93	50.18	49.98
Aberystwyth University	47.63	40.71	37.75
Bangor University	43.32	38.42	39.12
Cardiff University	34.71	32.01	31.26
University of Wales, Lampeter	53.02	46.76	46.33
Swansea University	37.00	32.11	32.30
University of Wales Institute, Cardiff	49.54	41.80	39.62
University of Wales, Newport	58.52	52.09	51.03
Glyndŵr University	58.94	52.34	47.02
Swansea Metropolitan University	66.00	53.29	51.88
Trinity University College Carmarthen	58.34	**49.10	47.68
University of Wales Registry	15.04	6.57	4.91
<b>Sector average</b>	<b>43.31</b>	<b>38.46</b>	<b>37.63</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

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

\*\* - includes prior year adjustment

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

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>%</b>	<b>%</b>	<b>%</b>
University of Glamorgan	60.25	60.73	61.51
Aberystwyth University	56.16	55.86	57.34
Bangor University	58.63	56.65	58.07
Cardiff University	56.21	57.00	57.00
University of Wales, Lampeter	59.37	**57.63	60.24
Swansea University	60.29	59.47	60.70
University of Wales Institute, Cardiff	61.59	62.19	62.21
University of Wales, Newport	59.21	60.54	61.86
Glyndŵr University	58.33	60.73	57.79
Swansea Metropolitan University	56.98	54.92	54.22
Trinity University College Carmarthen	61.40	61.77	62.80
University of Wales Registry	39.04	**33.02	35.08
<b>Sector average</b>	<b>57.96</b>	<b>58.01</b>	<b>58.54</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

\*\* prior year adjustment due to change in treatment of re-structuring costs as exceptionals

TABLE 6

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

	2006/07	2007/08	2008/09
	£k	£k	£k
University of Glamorgan	37,522	21,607	22,276
Aberystwyth University	14,278	12,658	12,740
Bangor University	20,430	15,721	14,742
Cardiff University	38,017	32,385	33,527
University of Wales, Lampeter	1,516	1,400	1,992
Swansea University	18,434	14,613	15,922
University of Wales Institute, Cardiff	9,920	9,423	15,957
University of Wales, Newport	5,834	8,900	14,422
Glyndŵr University	2,419	3,526	8,690
Swansea Metropolitan University	3,412	3,724	3,784
Trinity University College Carmarthen	4,102	2,046	1,337
University of Wales Registry	191	237	136
<b>Sector total</b>	<b>156,075</b>	<b>126,240</b>	<b>145,995</b>

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

	2006/07	2007/08	2008/09
	%	%	%
University of Glamorgan	30.53	16.46	16.36
Aberystwyth University	16.61	13.29	11.58
Bangor University	20.53	14.67	12.72
Cardiff University	10.35	8.23	8.09
University of Wales, Lampeter	10.88	8.81	12.37
Swansea University	14.39	10.19	10.60
University of Wales Institute, Cardiff	15.22	13.35	20.38
University of Wales, Newport	14.85	20.82	30.84
Glyndŵr University	8.19	10.38	22.47
Swansea Metropolitan University	12.33	11.86	11.27
Trinity University College Carmarthen	32.26	14.38	8.63
University of Wales Registry	2.03	2.23	1.15
<b>Sector average</b>	<b>15.58</b>	<b>11.58</b>	<b>12.47</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

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>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	209	1,225	1,827
Aberystwyth University	0	0	0
Bangor University	898	877	858
Cardiff University	2,412	2,345	1,760
University of Wales, Lampeter	44	36	13
Swansea University	565	478	195
University of Wales Institute, Cardiff	469	444	838
University of Wales, Newport	123	247	246
Glyndŵr University	0	0	12
Swansea Metropolitan University	61	47	20
Trinity University College Carmarthen	123	117	49
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>4,904</b>	<b>5,816</b>	<b>5,818</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

TABLE 8

<b>Net assets</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	73,363	70,145	47,600
Aberystwyth University	137,198	149,270	142,866
Bangor University	103,767	107,991	99,006
Cardiff University	346,330	353,204	343,989
University of Wales, Lampeter**	20,831	21,167	19,186
Swansea University**	47,229	44,911	38,697
University of Wales Institute, Cardiff**	60,991	56,456	45,926
University of Wales, Newport	27,358	20,163	21,960
Glyndŵr University	31,407	28,122	31,648
Swansea Metropolitan University	44,031	45,062	57,981
Trinity University College Carmarthen	7,026	6,999	6,713
University of Wales Registry	31,611	29,590	27,937
<b>Sector Total</b>	<b>931,142</b>	<b>933,080</b>	<b>883,509</b>

<b>Net assets Excluding pension liability</b>	<b>2006/07</b>	<b>2007/8</b>	<b>2008/09</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	101,053	105,565	108,090
Aberystwyth University	153,277	168,343	165,480
Bangor University	106,136	109,983	109,527
Cardiff University	380,330	393,604	406,389
University of Wales, Lampeter**	22,826	22,667	22,438
Swansea University**	69,229	71,511	71,397
University of Wales Institute, Cardiff **	79,701	81,826	84,116
University of Wales, Newport	38,600	39,976	41,875
Glyndŵr University	37,764	38,793	43,351
Swansea Metropolitan University	48,091	51,022	66,981
Trinity University College Carmarthen	8,302	11,140	11,675
University of Wales Registry	31,399	30,206	29,170
<b>Sector Total</b>	<b>1,076,708</b>	<b>1,124,636</b>	<b>1,160,489</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

\*\* 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>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of Glamorgan	31,552	34,510	37,685
Aberystwyth University	19,904	18,196	15,195
Bangor University	**13,126	16,217	20,761
Cardiff University	77,289	101,140	124,799
University of Wales, Lampeter	5,250	5,657	4,896
Swansea University	15,064	23,572	23,771
University of Wales Institute, Cardiff	11,933	20,900	21,159
University of Wales, Newport	10,968	14,174	16,802
Glyndŵr University	10,264	11,408	7,725
Swansea Metropolitan University	13,695	17,407	20,440
Trinity University College Carmarthen	**744	1,869	2,226
University of Wales Registry	5,716	6,059	5,493
<b>Sector Total</b>	<b>215,505</b>	<b>271,109</b>	<b>300,952</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2007/08.

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

TABLE 10

**Viability ratio**

	2006/07	2007/08	2008/09
University of Glamorgan	2.32	1.20	1.10
Aberystwyth University	0.93	0.82	0.67
Bangor University	0.84	1.05	1.45
Cardiff University	1.20	1.83	2.26
University of Wales, Lampeter	9.65	14.00	19.43
Swansea University	2.19	3.76	4.83
University of Wales Institute, Cardiff	2.09	1.55	0.95
University of Wales, Newport	2.24	1.70	1.04
Glyndŵr University	n/a	n/a	6.24
Swansea Metropolitan University	16.50	25.34	n/a
Trinity University College Carmarthen	0.42	1.21	1.84
University of Wales Registry	n/a	n/a	n/a
<b>Sector Total</b>	<b>1.59</b>	<b>1.78</b>	<b>1.74</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

**Liquidity ratio (days of expenditure)**

	2006/07	2007/08	2008/09
University of Glamorgan	98.9	101.6	104.4
Aberystwyth University	91.3	74.9	52.2
Bangor University	51.7	60.1	69.1
Cardiff University	82.8	101.8	118.6
University of Wales, Lampeter	157.0	**146.7	121.1
Swansea University	46.2	64.4	62.2
University of Wales Institute, Cardiff	71.0	113.5	103.3
University of Wales, Newport	110.3	130.7	139.9
Glyndŵr University	138.7	129.5	73.4
Swansea Metropolitan University	218.2	236.8	258.1
Trinity University College Carmarthen	22.3	50.9	55.2
University of Wales Registry	246.3	**244.9	186.2
<b>Sector Total</b>	<b>84.7</b>	<b>98.0</b>	<b>100.1</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

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

**TABLE 11****Current ratio**

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
University of Glamorgan	1.61	1.97	1.83
Aberystwyth University	3.78	3.32	3.61
Bangor University	1.40	1.43	1.33
Cardiff University	2.36	2.39	2.79
University of Wales, Lampeter	1.62	1.75	1.60
Swansea University	1.04	1.08	1.09
University of Wales Institute, Cardiff	1.45	2.02	2.30
University of Wales, Newport	2.04	2.07	2.11
Glyndŵr University	1.80	1.78	1.29
Swansea Metropolitan University	5.32	5.17	7.09
Trinity University College Carmarthen	1.00	1.59	1.77
University of Wales Registry	4.14	4.78	4.48
<b>Sector Total</b>	<b>1.92</b>	<b>2.03</b>	<b>2.12</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

TABLE 12

**Long term debt (external borrowing)**

	2006/07	2007/08	2008/09
	£k	£k	£k
University of Glamorgan	13,574	28,851	34,298
Aberystwyth University	0	0	0
Bangor University	15,714	15,417	14,353
Cardiff University	31,116	28,579	26,990
University of Wales, Lampeter	544	404	252
Swansea University	6,876	6,277	4,926
University of Wales Institute, Cardiff	5,705	13,525	22,330
University of Wales, Newport	4,886	8,317	16,143
Glyndŵr University	0	0	1,237
Swansea Metropolitan University	830	687	0
Trinity University College Carmarthen	1,778	1,548	1,207
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>81,023</b>	<b>103,605</b>	<b>121,736</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09.

Glyndŵr debt introduced through acquisition of subsidiary.

**Long term debt as % of income**

	2006/07	2007/08	2008/09
	%	%	%
University of Glamorgan	11.04	21.97	24.67
Aberystwyth University	0.00	0.00	0.00
Bangor University	15.84	14.39	12.38
Cardiff University	8.47	7.26	6.51
University of Wales, Lampeter	3.90	2.54	1.56
Swansea University	5.45	4.38	3.28
University of Wales Institute, Cardiff	8.75	19.16	28.53
University of Wales, Newport	12.44	19.46	34.52
Glyndŵr University	0.00	0.00	3.20
Swansea Metropolitan University	3.00	**2.19	0.00
Trinity University College Carmarthen	13.98	10.98	7.79
University of Wales Registry	0.00	0.00	0.00
<b>Sector Total</b>	<b>8.11</b>	<b>9.50</b>	<b>10.40</b>

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2008/09

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

Table 13

## Sector income and expenditure account

	2006/07	2007/08	2008/09
<b>INCOME</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Funding Council Grants	432,766	419,205	440,382
Tuition fees and Education contracts	214,856	286,546	337,391
Research grants and contracts	135,775	145,783	161,537
Other income	215,798	238,626	231,114
<b>Total Income</b>	<b>999,195</b>	<b>1,090,160</b>	<b>1,170,424</b>
<b>EXPENDITURE</b>			
Staff costs	574,665	630,486	680,757
Exceptional staff restructuring costs	4,439	1,823	4,373
Other operating expenses	341,194	368,221	396,375
Depreciation	47,028	50,373	51,072
Interest payable	8,775	9,269	15,815
<b>Total Expenditure</b>	<b>976,101</b>	<b>1,060,172</b>	<b>1,148,392</b>
Surplus on continuing operations after depreciation of fixed assets at valuation and before tax	23,094	29,988	22,032
Profit /(loss) on disposal of assets	(8,240)	1,288	(598)
Benefit on acquisition		4,117	
Share of JV profit/(loss)	316	(74)	(69)
Exceptional gains /(losses) on restructuring, pensions		(657)	2,600
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax</b>	<b>15,170</b>	<b>34,662</b>	<b>23,965</b>
Taxation	0	0	
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	15,170	34,662	23,965
Transfer from accumulated income within specific endowments	(1,034)	(366)	(156)
Surplus retained within general reserves	14,136	34,296	23,809
Difference between Historical Cost depreciation and the actual charge for the period calculated on the re-valued amount	8,152	8,137	8,183
Realisation of property revaluation gain of previous years	6,227	479	0
<b>Historic Cost Surplus for the period</b>	<b>29,549</b>	<b>43,322</b>	<b>32,173</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.

Minor restatements have been made to 2007/08 numbers due to changes in treatment of exceptional costs.

Table 14

## Sector balance sheet

	As at 31 July 2007	As at 31 July 2008	As at 31 July 2009
<b>Fixed Assets</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Land and Buildings	890,410	925,054	967,112
Equipment	37,007	44,457	37,924
Other	36,505	25,360	28,820
Sub total	963,922	994,871	1,033,856
<b>Endowment Asset Investment</b>	96,998	88,879	83,882
<b>Current assets</b>			
Stock	2,208	3,251	4,404
Debtors	109,865	115,605	117,597
Short term investments	154,378	221,246	240,370
Cash at bank and in hand	70,037	59,244	67,029
Total Current Assets Sub total	336,488	399,346	429,400
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdraft	8,910	9,381	6,447
Other Creditors	165,901	187,529	196,293
Total Current liabilities Sub total	174,811	196,910	202,740
Net Current Assets	161,677	202,436	226,660
Total assets less current liabilities	1,222,597	1,286,186	1,344,398
<b>Creditors: amounts falling due after more than one year</b>			
Reimbursable by HEFCW	0	0	0
External borrowing	81,023	103,605	121,736
Other Creditors	54,532	48,614	50,973
Total long term liabilities	135,555	152,219	172,709
Provisions	10,334	9,331	11,200
<b>Net Assets Excluding Pension Liability</b>	<b>1,076,708</b>	<b>1,124,636</b>	<b>1,160,489</b>
Pension liability	(145,566)	(191,556)	(276,980)
<b>Net Assets Including Pension Liability</b>	<b>931,142</b>	<b>933,080</b>	<b>883,509</b>
Deferred Capital grants	248,127	269,129	270,762
<b>Endowment</b>			
Permanent Endowments	74,221	79,215	74,935
Expendable Endowments	22,778	9,771	8,947
Total Endowments	96,999	88,986	83,882
<b>Reserves</b>			
Revaluation reserve	297,388	287,966	295,624
Restricted reserve	42,588	19,344	18,621
General reserve excluding pension liability	391,606	459,211	491,600
Pension reserve	(145,566)	(191,556)	(276,980)
General reserve including pension liability	246,040	267,655	214,620
Total Reserves	586,016	574,965	528,865
<b>Total Funds</b>	<b>931,142</b>	<b>933,080</b>	<b>883,509</b>

Minor changes have been made to 2007/08 totals for re-statement of endowments & pensions deficits.

Table 15

## Sector cash flow statement

	2006/2007	2007/2008	2008/09
	£k	£k	£k
<b>Net cash inflow from operating activities</b>	30,018	59,634	59,369
<b>Returns on investments and servicing of finance</b>			
Income from endowments	3,715	3,681	2,991
Income from short term investments	1,911	4,164	1,938
Other Interest received	8,804	9,761	9,050
Interest paid	(4,841)	(5,750)	(6,234)
Other items	0	0	
<b>Sub total</b> cash inflow from investments	9,589	11,856	7,745
Tax paid	0	0	
<b>Investing activities</b>			
Payments to acquire tangible assets	(95,067)	(73,136)	(80,603)
Payments to acquire endowment asset investments	(7,026)	(5,496)	(10,448)
<b>Total</b> Payments to acquire fixed/endowment assets	(102,093)	(78,632)	(91,051)
Receipts from sale of tangible assets	4,029	2,790	599
Receipts from sale of endowment assets	4,248	6,835	8,817
Deferred capital grants received	45,001	31,932	24,814
Endowments received	987	1,042	530
Other items	0	114	0
<b>Sub total</b> cash outflow from investing activities	(47,828)	(35,919)	(56,291)
Net cash inflow before financing	(8,221)	35,571	10,823
<b>Management of Liquid Resources</b>	21,234	(62,337)	(19,454)
<b>Financing</b>			
Capital element of finance lease payments	0	(92)	(168)
Mortgages and loans acquired	8,831	28,944	24,085
Mortgages and loan capital repayments	(5,686)	(5,540)	(6,574)
Other items	0	0	
cash (outflow) / inflow from financing	3,145	23,312	17,343
<b>Increase / (decrease) in cash</b>	<b>16,158</b>	<b>(3,454)</b>	<b>8,712</b>

2007/08 has been adjusted for a minor re-statement of one institution's cash flow statement (UoG).