

## Cylchlythyr | Circular

# Analysis of the financial position of the HE sector 2013/14

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**To:** Heads of higher education institutions in Wales  
Directors of Finance of higher education institutions in Wales  
**Response by:** No response required  
**Contact:** Name: Neil Hempstead  
Telephone: 029 2068 2286  
Email: [neil.hempstead@hefcw.ac.uk](mailto:neil.hempstead@hefcw.ac.uk)

This circular informs institutions of financial health performance indicators for the higher education sector in Wales, as shown by the audited financial statements for 2013/14.

If you require this document in an alternative accessible format, please telephone us on (029) 2068 2225 or email [info@hefcw.ac.uk](mailto:info@hefcw.ac.uk).



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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 2013/14.
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 accounts have been made in the tables. 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 respectively.
4. The University of Wales, Trinity Saint David merged with Coleg Sir Gâr and Coleg Ceredigion during 2013/14, and the group accounts have been presented on a consolidated basis, with the prior year (FY2012/13) re-stated for appropriate comparison.

## **Income and expenditure account**

5. In 2013/14 there were 9 higher education institutions in Wales with a total income of £1,377m (2012/13 £1,305m on a re-stated basis) as shown in Table 1. 2013/14 was the second year of the new student fee arrangements and consequently the proportion of income from funding council grants fell again this year from 22.8% in 2012/13 to 18.1% in 2013/14 (table 4) whilst the income from academic fees for Home and EU students increased from 30.8% to 35.1% of total income (table 5 ). In 2013/14 56.6% of total income was expended on staff costs (2012/13 – 57.9%) (table 6).
6. The sector reported an operating surplus of £43.5m (2012/13 surplus £16.0m) as shown in Table 2. After exceptional losses this surplus reduced to £37.2m. Two institutions reported an operating deficit, a decrease of one from 2012/13. The historical cost surplus for the sector as shown in Table 3 was £45.6m, an increase of £32.3m from the 2012/13 total of £13.3m. The increase was due mainly to the higher operating surplus (£27.5m), lower impairment costs (£4.8m) and lower exceptional (severance) costs (£4m), offset by lower property revaluation gains of £4m. Only one institution reported an historical cost deficit in 2013/14, a decrease of two from the previous year.

## **Balance sheet**

7. Table 9 shows net assets increasing by approximately £103m from the prior year to £1,292m. Excluding pension liabilities, net assets increased by 5.3% from £1,465m to £1,542m. The pension scheme liabilities

decreased by 9.5% in the year to £250m; this decrease is due mainly to actuarial adjustments (assumptions on the valuation of scheme assets and liabilities). While sector reserves currently appear strong, from 2015/16 reserve levels and pension deficits will be significantly affected by the introduction of a new financial reporting standard (FRS102), which requires institutions to recognise liabilities relating to deficit recovery plans for multi-employer pension scheme such as the Universities Superannuation Scheme (USS) in their balance sheets. While not a new liability, it will increase the transparency of the underlying deficits within the relevant pension schemes, which may impact on confidence levels in the financial strength of the sector.

8. As shown in Tables 10 and 11, net liquid assets rose slightly by £6m, but the liquidity ratio of 114 days' expenditure is a slight decrease from 116 days in 2012/13. Table 12 demonstrates a current ratio for the sector of 1.79, compared with 2012/13 at 1.96. Total long-term debt (external borrowing), as shown in Table 13, rose significantly in the year to £182.8m (an increase of 20.4%), reflecting £40m raised through borrowings in the year.

### **Cash flow statement**

9. Table 16 shows that the sector reported a net decrease in cash of £(5.4m) in 2013/14, compared to an increase of £24.5m in 2012/13. Cash flow from operating activities was £104m, an increase of £44m from 2012/13; payments to acquire fixed assets rose significantly to £182.6m (2012/13 £127.1m), and new secured loans amounted to £40.2m (2012/13 £15.0m). Deferred capital grants received increased by £13.5m to £53.9m. Cash placed on short-term deposit was £15.1m (in 2012/13 £33.9m was drawn down). The net liquid asset position of the sector remains satisfactory at £395m (2012/13:£389m), however there is a significant spread of financial strength and liquidity within the sector as shown in table 11.

### **Financial sustainability**

10. The operating surplus for the sector for 2013/14 shows an improvement against the previous year, and the sector balance sheet and operating cash flows also improved overall. However, the increase in the operating surplus between 2012/13 and 2013/14 does not fully compensate on a cumulative basis for the £13.9m reduction in the sector's operating surplus between 2011/12 and 2012/13. Investment in institutions' estates and other fixed assets, funded either with institutions' own cash reserves or by external borrowings, is ongoing and expected to increase in the next few years in response to competition in the higher education sector and students' expectations. The ability of institutions to generate sufficient cash surpluses, as well as their ability to secure loan funding as required will be essential to fund this investment.

11. The operating surplus for 2013/14, when adjusted to take account of the full economic cost adjustments for the cost of capital and infrastructure, shows that the sector's position is an aggregate deficit of £67m compared with a deficit of £85m in 2012/13. This represents the degree to which the sector is not in a position to provide for a fully sustainable future.
12. Without increased surpluses and continued government funding, there is a risk that the sector will be unable to deliver the scale of investment required to meet student demands, build research capacity and ensure that the sector remains internationally competitive. Government support also gives confidence to others to invest in the sector, including the willingness of banks to lend money. However there will be some variability between institutions' capacity to lever in funding from other sources, including additional borrowing, and such other sources may not be sufficient to meet the long-term investment needs of the sector.

### **Further information**

13. Further information about the published tables may be obtained from: Neil Hempstead, Senior Institutional Financial 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, and distinguishes between 'Home and European Union (EU) domiciled fees, and overseas student fee income.

#### **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:

- Office of Science and Technology (OST) research councils;
- UK based charities;
- UK government bodies, health and hospital authorities;
- UK industry, commerce and public corporations;
- European Union (EU) sources
- other overseas sources;
- other sources.

#### **Other operating income**

This category contains all income in respect of services rendered, including the supply of goods and consultancies:

- 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;
- released from deferred capital grants;
- income from intellectual property rights;
- other general income.

## **Endowment income and interest receivable**

**Permanent endowments** include 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** include 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) as a % of income**

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 as a % of total income**

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, capital grants for equipment and FE provision.

Denominator: Total income.

**Table 5: Home & EU fees as a percentage of total income**

Numerator: Total fee income for Welsh domiciled, EU and other UK students

Denominator: Total income.

**Table 6: Staff costs as a percentage of total income**

Numerator: Total staff costs expenditure (including re-structuring costs 'above the line').

Denominator: Total income.

**Table 7 (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 7 (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 8: 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 9 (top): Net assets**

Numerator: Net assets after deducting pension liabilities.

**Table 9 (bottom): Net assets (excluding pension liability)**

Numerator: Net assets before deducting pension liabilities.

**Table 10: Net liquid assets**

Numerator: Investments plus cash at bank and in hand minus bank overdrafts and loan repayments due in one year.



**Table 11: (top) Viability ratio**

Numerator: Cash at bank + investments

Denominator: Bank overdraft + current portion of long term borrowing + external borrowing (creditor > 1 year)

**Table 11: (bottom) Liquidity ratio (days of expenditure)**

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

**Table 12: 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 13 (top): Long term debt**

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

**Table 13 (bottom): Long term debt as % of income**

Numerator: Long term external borrowings, excluding other creditors.

**Table 1****Total Income**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of South Wales @	148,892	192,545	195,903
Aberystwyth University	120,392	119,224	127,700
Bangor University#	131,488	130,962	138,930
Cardiff University	425,539	436,685	455,731
University of Wales Trinity Saint David**	37,090	108,314	108,597
Swansea University	178,305	181,755	205,205
Cardiff Metropolitan University	82,230	80,948	87,158
University of Wales, Newport@	50,453	n/a	n/a
Glyndŵr University	48,327	43,884	48,795
Swansea Metropolitan University**	37,417	n/a	n/a
University of Wales Registry	14,011	10,476	9,067
<b>Sector Total</b>	<b>1,274,144</b>	<b>1,304,793</b>	<b>1,377,086</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013. The University also merged with Coleg Sir Gâr and Coleg Ceredigion in 2013/14 – hence the comparatives for 2012/13 are re-stated.

# Bangor University re-stated its 2012/13 accounts to account for certain income on a net, rather than gross, basis.

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14

The income shown above is net of any share of JV income shown in the HESA / HEIDI financial records. The amounts of JV income deducted are as follows:-

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
Bangor University	675	881	1,118
Swansea University	520	539	562

Table 2

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

	2011/12	2012/13	2013/14
	£k	£k	£k
University of South Wales@	5,704	4,734	7,583
Aberystwyth University	623	199	495
Bangor University	(2,126)	(2,452)	(536)
Cardiff University	8,451	9,868	25,327
University of Wales Trinity Saint David**	1,442	6,069	1,599
Swansea University	5,414	3,651	7,222
Cardiff Metropolitan University	4,316	1,983	1,443
University of Wales, Newport@	2,201	n/a	n/a
Glyndŵr University	1,232	(3,954)	(195)
Swansea Metropolitan University**	7,669	n/a	n/a
University of Wales Registry	(4,931)	(4,082)	516
<b>Sector Total</b>	<b>29,995</b>	<b>16,016</b>	<b>43,454</b>

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

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	3.83	2.46	3.87
Aberystwyth University	0.52	0.17	0.39
Bangor University#	(1.62)	(1.87)	(0.39)
Cardiff University	2.00	2.26	5.56
University of Wales Trinity Saint David**	3.89	5.60	1.47
Swansea University	3.04	2.01	3.52
Cardiff Metropolitan University	5.25	2.45	1.66
University of Wales, Newport@	4.36	n/a	n/a
Glyndŵr University	2.55	(9.01)	(0.40)
Swansea Metropolitan University**	20.50	n/a	n/a
University of Wales Registry	(35.19)	(39.45)	5.69
<b>Sector Total</b>	<b>2.35</b>	<b>1.23</b>	<b>3.16</b>

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# Bangor University re-stated its 2012/13 accounts to account for certain income on a net, rather than gross, basis.

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14.

**Table 3**

**Historical cost surplus/(deficit)**

	2011/12	2012/13	2013/14
	£k	£k	£k
University of South Wales@	3,755	3,954	6,971
Aberystwyth University	2,613	2,188	2,672
Bangor University#	(974)	(3,013)	292
Cardiff University	11,820	5,332	28,708
University of Wales Trinity Saint David**	1,435	6,757	806
Swansea University	5,414	3,651	7,222
Cardiff Metropolitan University	5,091	1,858	1,861
University of Wales, Newport@	2,541	n/a	n/a
Glyndŵr University	1,678	(3,373)	(3,494)
Swansea Metropolitan University**	8,090	n/a	n/a
University of Wales Registry	(4,931)	(4,082)	516
<b>Sector Total</b>	<b>36,532</b>	<b>13,272</b>	<b>45,554</b>

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

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	2.52	2.05	3.56
Aberystwyth University	2.17	1.84	2.09
Bangor University#	(0.73)	(2.30)	0.21
Cardiff University	2.80	1.22	6.30
University of Wales Trinity Saint David**	3.87	6.24	0.74
Swansea University	3.04	2.01	3.52
Cardiff Metropolitan University	6.19	2.30	2.14
University of Wales, Newport@	5.04	n/a	n/a
Glyndŵr University	3.47	(7.69)	(7.16)
Swansea Metropolitan University**	21.62	n/a	n/a
University of Wales Registry	(35.19)	(39.45)	5.69
<b>Sector Total</b>	<b>2.87</b>	<b>1.02</b>	<b>3.31</b>

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Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14

Table 4

### Funding Council grant as a percentage of total income

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	40.16	27.74	22.99
Aberystwyth University	32.12	21.65	14.30
Bangor University#	28.36	19.90	14.92
Cardiff University	27.58	21.90	18.06
University of Wales Trinity Saint David**	39.67	37.52	34.96
Swansea University	26.27	18.97	14.09
Cardiff Metropolitan University	32.37	13.48	8.10
University of Wales, Newport@	41.71	n/a	n/a
Glyndŵr University	33.72	21.68	16.91
Swansea Metropolitan University**	42.38	n/a	n/a
University of Wales Registry	3.95	5.22	5.87
<b>Sector average</b>	<b>31.01</b>	<b>22.76</b>	<b>18.09</b>

Table 5

### Home and EU Fees as a percentage of total income

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	29.59	41.69	47.03
Aberystwyth University	23.60	34.88	40.73
Bangor University	23.67	32.66.	35.75
Cardiff University#	17.27	21.97	26.69
University of Wales Trinity Saint David**	25.98	31.69	33.91
Swansea University	23.17	28.46	32.43
Cardiff Metropolitan University	32.18	50.19	51.84
University of Wales, Newport@	29.49	n/a	n/a
Glyndŵr University	27.38	34.11	38.48
Swansea Metropolitan University**	34.54	n/a	n/a
University of Wales Registry	n/a	n/a	n/a
<b>Sector average</b>	<b>23.19</b>	<b>30.83</b>	<b>35.06</b>

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**Table 6**

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

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	58.86	60.15	55.97
Aberystwyth University	54.84	57.02	57.85
Bangor University#	56.08	58.25	58.95
Cardiff University	58.72	57.05	55.60
University of Wales Trinity Saint David**	54.74	57.56	60.05
Swansea University	55.60	57.17	54.49
Cardiff Metropolitan University	55.81	59.41	59.25
University of Wales, Newport@	56.72	n/a	n/a
Glyndŵr University	54.13	61.77	55.82
Swansea Metropolitan University**	49.22	n/a	n/a
University of Wales Registry	57.46	50.91	47.45
<b>Sector average</b>	<b>56.81</b>	<b>57.94</b>	<b>56.57</b>

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Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14.

Table 7

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

	2011/12	2012/13	2013/14
	£k	£k	£k
University of South Wales@	24,738	25,189	30,446
Aberystwyth University	21,165	10,430	15,636
Bangor University	18,379	28,403	39,517
Cardiff University	43,430	40,896	55,362
University of Wales Trinity Saint David **	10,206	21,495	26,187
Swansea University	24,069	33,519	69,989
Cardiff Metropolitan University	9,188	15,663	15,808
University of Wales, Newport@	5,547	n/a	n/a
Glyndŵr University	5,319	5,485	4,120
Swansea Metropolitan University**	3,946	n/a	n/a
University of Wales Registry	507	183	102
<b>Sector total</b>	<b>166,494</b>	<b>181,263</b>	<b>257,167</b>

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

	2011/12	2012/13	2013/14
	%	%	%
University of Glamorgan@	16.61	13.08	15.54
Aberystwyth University	17.58	8.75	12.24
Bangor University	13.98	21.69	28.44
Cardiff University	10.21	9.37	12.15
University of Wales Trinity Saint David**	27.52	19.85	24.11
Swansea University	13.50	18.44	34.11
Cardiff Metropolitan University	11.17	19.35	18.14
University of Wales, Newport@	10.99	n/a	n/a
Glyndŵr University	11.01	12.50	8.44
Swansea Metropolitan University**	10.55	n/a	n/a
University of Wales Registry	3.62	1.77	1.12
<b>Sector average</b>	<b>13.07</b>	<b>13.89</b>	<b>18.67</b>

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Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14

**Table 8****Interest payable (excluding pension interest)**

	2011/12	2012/13	2013/14
	£k	£k	£k
University of South Wales@	2,503	3,970	3,840
Aberystwyth University	0	0	127
Bangor University	692	633	881
Cardiff University	1,369	1,305	1,240
University of Wales Trinity Saint David**	9	6	2
Swansea University	44	57	294
Cardiff Metropolitan University	1,666	1,542	1,522
University of Wales, Newport@	1,333	n/a	n/a
Glyndŵr University	0	31	58
Swansea Metropolitan University**	0	n/a	n/a
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>7,616</b>	<b>7,544</b>	<b>7,964</b>

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Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14.



**Table 9**

<b>Net assets</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of South Wales@	68,614	133,621	141,700
Aberystwyth University	161,400	174,564	177,591
Bangor University	118,104	115,313	121,082
Cardiff University	402,867	417,294	454,411
University of Wales Trinity Saint David**	36,277	158,855	161,337
Swansea University	82,398	79,666	114,012
Cardiff Metropolitan University	42,604	46,949	62,365
University of Wales, Newport@	39,523	n/a	n/a
Glyndŵr University	46,068	40,907	37,267
Swansea Metropolitan University**	74,903	n/a	n/a
University of Wales Registry	23,311	21,269	22,000
<b>Sector Total</b>	<b>1,096,069</b>	<b>1,188,438</b>	<b>1,291,765</b>

<b>Net assets Excluding pension liability</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of South Wales@	126,144	209,671	216,240
Aberystwyth University	185,736	192,120	194,567
Bangor University	123,762	120,772	128,094
Cardiff University	454,967	463,194	489,911
University of Wales Trinity Saint David**	46,257	184,716	183,911
Swansea University	116,198	124,766	156,512
Cardiff Metropolitan University	90,444	92,319	95,395
University of Wales, Newport@	64,079	n/a	n/a
Glyndŵr University	60,396	55,120	53,862
Swansea Metropolitan University**	87,243	n/a	n/a
University of Wales Registry	24,526	22,066	23,159
<b>Sector Total</b>	<b>1,379,752</b>	<b>1,464,744</b>	<b>1,541,651</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013. The University also merged with Coleg Sir Gâr and Coleg Ceredigion in 2013/14 – hence the comparatives for 2012/13 are re-stated.

Coverage: All higher education institutions in Wales.  
Source: Audited financial statements 2013/14

**Table 10**

**Net liquid assets**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
University of South Wales@	36,837	65,761	75,895
Aberystwyth University	10,350	22,468	25,408
Bangor University	21,462	3,726	13,399
Cardiff University	178,232	176,346	172,126
University of Wales Trinity Saint David**	16,258	57,803	45,949
Swansea University	33,046	35,845	43,864
Cardiff Metropolitan University	31,177	27,423	19,007
University of Wales, Newport@	21,240	n/a	n/a
Glyndŵr University	7,478	626	309
Swansea Metropolitan University**	38,870	n/a	n/a
University of Wales Registry	(265)	(720)	(790)
<b>Sector Total</b>	<b>394,685</b>	<b>389,278</b>	<b>395,167</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013. The University also merged with Coleg Sir Gâr and Coleg Ceredigion in 2013/14 – hence the comparatives for 2012/13 are re-stated.

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14.

Table 11

<b>Viability ratio</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
University of South Wales@	0.72	0.90	1.07
Aberystwyth University	2.76	499.29	565.62
Bangor University	1.71	0.41	0.49
Cardiff University	7.43	7.84	8.29
University of Wales Trinity Saint David**	27.36	219.12	n/a
Swansea University	12.35	2.07	1.37
Cardiff Metropolitan University	1.04	0.94	0.66
University of Wales, Newport@	0.92	n/a	n/a
Glyndŵr University	n/a	n/a	2.06
Swansea Metropolitan University**	n/a	n/a	n/a
University of Wales Registry	n/a	n/a	n/a
<b>Sector Total</b>	<b>2.62</b>	<b>2.51</b>	<b>2.11</b>

NB This ratio has been recalculated for the three years to include the 'current' portion of long term loans, as well as the long-term element and any overdrafts within the denominator. The 'n/a' designator results in most cases from an institution having no borrowings.

<b>Liquidity ratio (days of expenditure)</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
University of South Wales@	99.9	137.3	158.6
Aberystwyth University	33.9	74.1	78.4
Bangor University	61.3	10.6	36.6
Cardiff University	161.7	156.8	152.4
University of Wales Trinity Saint David**	175.2	216.2	164.1
Swansea University	74.1	77.7	85.6
Cardiff Metropolitan University	152.6	131.5	83.8
University of Wales, Newport@	174.5	n/a	n/a
Glyndŵr University	61.0	5.0	2.4
Swansea Metropolitan University**	502.1	n/a	n/a
University of Wales Registry	(5.2)	(18.6)	(34.6)
<b>Sector Total</b>	<b>121.7</b>	<b>115.9</b>	<b>114.0</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013. The University also merged with Coleg Sir Gâr and Coleg Ceredigion in 2013/14 – hence the comparatives for 2012/13 are re-stated.

Coverage: All higher education institutions in Wales.  
Source: Audited financial statements 2013/14

**Table 12****Current ratio**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
University of South Wales@	1.43	1.86	1.90
Aberystwyth University	1.18	1.30	1.31
Bangor University	1.48	1.00	1.08
Cardiff University	2.92	2.74	2.53
University of Wales Trinity Saint David**	1.49	4.55	3.33
Swansea University	1.30	1.48	1.19
Cardiff Metropolitan University	2.09	1.58	1.42
University of Wales, Newport@	3.68	n/a	n/a
Glyndŵr University	1.12	0.76	0.85
Swansea Metropolitan University**	17.43	n/a	n/a
University of Wales Registry	1.53	0.78	1.33
<b>Sector Total</b>	<b>2.04</b>	<b>1.96</b>	<b>1.79</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013. The University also merged with Coleg Sir Gar and Coleg Ceredigion in 2013/14 – hence the comparatives for 2012/13 are re-stated.

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14.

Table 13

**Long term debt (external borrowing)**

	2011/12	2012/13	2013/14
	£k	£k	£k
University of South Wales@	52,010	73,256	70,681
Aberystwyth University	0	0	0
Bangor University	12,068	11,123	31,771
Cardiff University	22,326	20,941	19,464
University of Wales Trinity Saint David**	259	0	0
Swansea University	2,432	17,161	31,887
Cardiff Metropolitan University	29,940	29,372	29,001
University of Wales, Newport@	23,135	n/a	n/a
Glyndŵr University	0	0	0
Swansea Metropolitan University**	0	0	0
University of Wales Registry	0	0	0
<b>Sector Total</b>	<b>142,170</b>	<b>151,853</b>	<b>182,804</b>

**Long term debt as % of income**

	2011/12	2012/13	2013/14
	%	%	%
University of South Wales@	34.93	38.05	36.08
Aberystwyth University	0.00	0.00	0.00
Bangor University#	9.18	8.49	22.87
Cardiff University	5.25	4.80	4.27
University of Wales Trinity Saint David **	0.70	0.00	0.00
Swansea University	1.36	9.44	15.54
Cardiff Metropolitan University	36.41	36.29	33.27
University of Wales, Newport@	45.85	n/a	n/a
Glyndŵr University	0.00	0.00	0.00
Swansea Metropolitan University**	0.00	n/a	n/a
University of Wales Registry	0.00	0.00	0.00
<b>Sector Total</b>	<b>11.16</b>	<b>11.64</b>	<b>13.27</b>

@ The University of Glamorgan and the University of Wales, Newport merged in April 2013 to form the University of South Wales and submitted a single set of financial statements for the year ended 31 July 2013.

\*\* The University of Wales Trinity Saint David merged with Swansea Metropolitan University in August 2013.

# Bangor University re-stated its 2012/13 accounts to account for certain income on a net, rather than gross, basis.

Coverage: All higher education institutions in Wales.

Source: Audited financial statements 2013/14

Table 14

## Sector income and expenditure account

	2011/12	2012/13	2013/14
	£k	Re-stated £k	£k
<b>INCOME</b>			
Funding Council Grants	395,058	295,093	249,073
Home & EU Tuition fees and Education contracts	295,528	402,200	482,794
Overseas student fees	116,518	134,992	143,088
Other fee and education contract income	19,975	22,414	26,362
Research grants and contracts	177,180	185,456	202,889
Other income	269,885	264,638	272,880
<b>Total Income</b>	<b>1,274,144</b>	<b>1,304,793</b>	<b>1,377,086</b>
<b>EXPENDITURE</b>			
Staff costs	720,884	754,374	774,453
Exceptional staff restructuring costs	2,950	1,416	4,541
Other operating expenses	446,510	458,306	475,872
Depreciation	60,734	62,448	67,940
Interest payable	13,071	12,116	10,826
<b>Total Expenditure</b>	<b>1,244,149</b>	<b>1,288,660</b>	<b>1,333,632</b>
Surplus on continuing operations after depreciation of fixed assets at valuation and before tax	29,995	16,133	43,454
Profit /(loss) on disposal of assets/ impairments	(2)	(4,810)	191
Benefit on acquisition			
Share of JV profit/(loss)	64	40	105
Exceptional gains /(losses)	(2,115)	(10,545)	(6,343)
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax</b>	<b>27,942</b>	<b>818</b>	<b>37,407</b>
Taxation	(7)	(12)	(12)
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	27,935	806	37,395
Transfer from accumulated income within specific endowments	1,100	504	600
Surplus retained within general reserves	29,035	1,310	37,995
Difference between Historical Cost depreciation and the actual charge for the period calculated on the re-valued amount	8,197	8,619	8,159
Realisation of property revaluation gain of previous years	400	3,847	0
<b>Historic Cost Surplus for the period</b>	<b>36,532</b>	<b>13,272</b>	<b>45,554</b>

Table 15

## Sector balance sheet

	As at 31 July 2012	As at 31 July 2013	As at 31 July 2014
		<b>Re-stated</b>	
<b>Fixed Assets</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Land and Buildings	1,129,144	1,214,620	1,335,323
Equipment	39,692	47,756	46,817
Other	23,599	22,353	23,844
Sub total	1,192,435	1,284,729	1,405,984
<b>Endowment Asset Investment</b>	101,099	111,202	113,922
<b>Current assets</b>			
Stock	3,008	3,274	3,508
Debtors	142,162	157,186	146,298
Short term investments	327,452	288,625	303,509
Cash at bank and in hand	78,958	108,395	100,826
Total Current Assets Sub total	551,580	557,480	554,141
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdraft	11,725	7,742	9,168
Other Creditors	259,273	276,700	300,587
Total Current liabilities Sub total	270,998	284,442	309,755
Net Current Assets	280,582	273,038	244,386
Long term debtor (>1 year)	0	0	32,442
Total assets less current liabilities	1,574,116	1,668,969	1,796,734
<b>Creditors: amounts falling due after more than one year</b>			
Reimbursable to HEFCW	3,750	3,750	0
External borrowing	138,420	148,103	182,804
Other Creditors	37,794	24,972	50,170
Total long term liabilities	179,964	176,825	232,974
Provisions	14,400	27,400	22,109
<b>Net Assets Excluding Pension Liability</b>	<b>1,379,752</b>	<b>1,464,744</b>	<b>1,541,651</b>
Pension liability	(283,683)	(276,306)	(249,886)
<b>Net Assets Including Pension Liability</b>	<b>1,096,069</b>	<b>1,188,438</b>	<b>1,291,765</b>
Deferred Capital grants	367,189	416,762	446,490
<b>Endowment</b>			
Permanent Endowments	93,754	102,220	105,809
Expendable Endowments	7,345	8,982	8,113
Total Endowments	101,099	111,202	113,922
<b>Reserves</b>			
Revaluation reserve	268,810	268,224	259,172
Restricted reserve	16,407	15,647	14,924
General reserve excluding pension liability	626,247	652,909	707,143
Pension reserve	(283,683)	(276,306)	(249,886)
General reserve including pension liability	342,564	376,603	457,257
Total Reserves	627,781	660,474	731,353
<b>Total Funds</b>	<b>1,096,069</b>	<b>1,188,438</b>	<b>1,291,765</b>

Table 16

## Sector cash flow statement

	2011/12	2012/13	2013/14
	£k	Re-stated £k	£k
<b>Net cash inflow from operating activities</b>	56,877	60,291	103,755
<b>Returns on investments and servicing of finance</b>			
Income from endowments	2,313	2,517	2,481
Income from short term investments	609	211	2,717
Other Interest received	4,314	5,473	753
Interest paid	(7,286)	(7,544)	(7,831)
Other items			10
<b>Sub total</b> cash inflow from investments	(50)	657	(1,870)
Tax paid	(7)	(12)	(12)
<b>Investing activities</b>			
Payments to acquire tangible assets	(91,675)	(127,111)	(182,570)
Payments to acquire endowment asset investments	(21,439)	(3,581)	(5,205)
<b>Total</b> Payments to acquire fixed/endowment assets	(113,114)	(130,692)	(187,775)
Receipts from sale of tangible assets	4,013	332	150
Receipts from sale of endowment assets	7,572	4,898	6,878
Deferred capital grants received	36,575	40,391	53,904
Endowments received	1,072	1,049	651
Other items	450	5,000	380
<b>Sub total</b> cash outflow from investing activities	(63,432)	(79,022)	(125,812)
Net cash inflow before financing	(6,612)	(18,086)	(23,939)
<b>Management of Liquid Resources</b>	(4,999)	33,927	(15,086)
<b>Financing</b>			
Capital element of finance lease payments	(1,021)	(110)	(34)
Mortgages and loans acquired	3,257	15,007	40,163
Mortgages and loan capital repayments	(7,667)	(6,214)	(6,520)
Other items	0	0	0
cash (outflow) / inflow from financing	(5,431)	8,683	33,609
<b>Increase / (decrease) in cash</b>	<b>(17,042)</b>	<b>24,524</b>	<b>(5,416)</b>